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REPORT OF THE

COMMISSION ON

THE FINANCING OF

ELEMENTARY AND

SECONDARY EDUCATION

IN ONTARIO



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REPORT
OF THE
COMMISSION ON THE
FINANCING
OF
ELEMENTARY AND
SECONDARY EDUCATION
IN ONTARIO

December 1985





Ontario

Commission on the Financing of
Elementary and Secondary
Education in Ontario

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33 Yonge Street
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December 1985

The Honourable Sean Conway
Minister of Education
22nd Floor - Mowat Block
Queen's Park
Toronto, Ontario
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Dear Mr. Conway:

We, the members of the Commission on the
Financing of Elementary and Secondary Education in
Ontario, are pleased to submit to you our final report.

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Chairman's Preface

Many of us are aware that we owe much to those who devote their lives to the education of children in the classroom. Some of us believe that we can never repay the contribution of those teachers to our enjoyment of life. Few of us have the privilege of saying so in a public document. Therefore, to the teaching profession in the Province of Ontario, I dedicate this Report. One need not travel far from this province to realize what a priceless asset we possess in our publicly-supported school system. To be priceless is not to be cost-free and the question is how to pay the costs in a fair and adequate manner. I trust that the work of this Commission will provide useful guidance in that task.

For giving me the privilege of Chairing this Commission, and thereby the opportunity to contribute to consideration of a priority question on the public agenda, I thank the Government of Ontario. For combining tough-mindedness with sweet reason and encyclopaedic knowledge, I thank my fellow Commissioners. For unfailing support and patient prodding, I thank our Executive Director, Mr. Lauri Maki, and the staff of the Commission whose professional skills were invaluable.

May our deliberations and the consideration of our recommendations by the Government of Ontario contribute to the welfare of our school system—those who teach and those who learn.

December 1985

H. Ian Macdonald
Chairman

Commission on the Financing of Elementary and Secondary Education in Ontario

INTRODUCTION

The first principles upon which the financing of education should be based are, we believe, adequacy and fairness. It is a goal of this Commission that within the resources available to the province, every school board receive adequate funds to meet the needs of its pupils. Further, we want to ensure that Ontarians both contribute to and enjoy the benefits of our educational wealth in the most equitable way possible.

Throughout our deliberations we have been aware that Ontario's considerable wealth in education, by a world standard, is as much a wealth of human potential as it is a wealth of funds, buildings, equipment and programs. The learners of this province have been in effect, a great but unacknowledged treasury. Leaders in government, education, and industry have been urging, over the past decade, greater investment in our treasury of people, yet the taxpayers' unwillingness to invest more can be felt almost palpably.

It is time for Ontarians to ask themselves where this unwillingness begins: are the people of this province wary of moving from the old exploitation of natural resources to a new dependence upon information and human potential? Are we unwilling to acknowledge the human mind as the new resource of these times? Are we mistrustful of our system of education, the primary vehicle through which the human treasury is to be developed? Does the mistrust result from a perception that the financial burden for education is unequally shared among taxpayers? When the people of Ontario reach some clear direction on these questions and those that implicitly follow, radical reform in the financing of education may be possible. For the present, however, we shall address ourselves to the improvement of what has been an imperfect, but quite workable, finance system.

Three assumptions underlie our examination of the financing of elementary and secondary education in Ontario. First, we believe that education is a primary responsibility of the Government of Ontario. Second, we want to ensure that the quality of education in our province is maintained, and wherever possible, improved. Third, we assume that equality of educational opportunity is a goal toward which Ontarians must strive.

The financing of education, of necessity, is a complex matter, not only in the mechanisms for raising and distributing revenue, but also in the phil-

osophical and political dimensions, which overlie the workings of the funding mechanism. Every issue relating to education finance is therefore a multi-faceted question. Ultimately, Ontarians cannot ask *how* revenue is to be raised, distributed, and spent without asking the fundamental question of *why* we arrange such funding. If one generation imparts its values to the next through its education system, to ask "Why?" of education finance, as well as "How?", is to test the logic between what we value as a society and what, in fact, we achieve in education.

It is this correspondence between the philosophical and the financial aspects of financing education that magnifies the already formidable difficulty of the subject. For if there is a failure of logic between the *how* and the *why*, it is no simple matter to decide whether our values or our funding mechanism, or both, require adjustment. The extension of funding to the Roman Catholic separate school system, an issue upon which we remain neutral, is a case in point. The question of how such funding was to be implemented gave rise in some quarters to the question of why the extension was to be funded. Without commenting upon the issue itself, we observe that the process of resolving the *why* is, at this time, impeding the process of implementing the *how*. Indeed, to reassess almost any aspect of our education system by asking why as well as how would be to embark upon a rigorous self-examination of our traditions and values.

Fully aware of such complexity in education finance, we have studied our terms of reference, called for submissions, conducted hearings, commissioned background papers, reviewed texts and literature, conversed with experts, and engaged the advice and work of technical and support staff. Early in our deliberations we classified the terms of reference into five categories, and our Chairman issued a general call for submissions, with particular reference to both the philosophical and the financial dimensions of them. These categories were:

- 1) the provision and delivery of education
- 2) the sources of funding for education
- 3) the current funding arrangement
- 4) alternative ways of funding education, and
- 5) other issues related to education finance.

The general call for submissions brought forth some 180 briefs of impressive quality and thoroughness. We are particularly grateful to have received several major studies on various aspects of education finance and for the insights of a few thoughtful individuals who presented their ideas and suggestions independently.

From the northern and remote places, from the southern, western, central, and eastern areas of our vast province, we heard concerns and issues central to the financing of education in Ontario. Many focussed upon the balance between local and provincial responsibility for the financing of education, the problem of over-ceiling expenditures, and a possible return to 60 per cent funding by the province. At the same time, local decision-making and decentralized control were generally held in high regard. There

was emphasis on the inequity inherent in the present system of property assessment and taxation, with special mention of cottage owners, and yet there was little reference, overall, to alternatives to property taxation. Capital funding and the maintenance of physical plant were major concerns. In the interest of fairness, there was considerable discussion on the issue of commercial and industrial assessment. In a context of generally rising costs for schools, there was concern about resources for mandated special education, for the introduction of new information technology, and for the adequate provision of textbooks. Some briefs suggested that Ontario continue to move to equal opportunity in the delivery of education in both French and English language schools in all boards. Under the goal of efficiency came many suggestions, from consolidation and cooperation among school boards, to a wide review of programs and the funding process.

Many specific needs, from the smallest schools in remote places to the largest boards in the province, were brought to our attention. Overall, most briefs suggested refinements and improvements to the present system of education finance rather than sweeping change. Whenever a vision of more radical reform did present itself, it envisaged a larger context of radical reform throughout society.

* * *

The bibliography in Appendix I gives an indication of the breadth of our review of the literature on education finance. We have examined research on funding arrangements in such countries as the United States, Sweden, and Great Britain, as well as those of every province in Canada. There is little that can be transferred directly from other jurisdictions, since the funding approach tends to evolve according to the historical, political, economic, and religious determinants of each locality. For that reason, we have found that Ontario's needs cannot be met by simply adopting a funding approach that may work somewhere else. For example, Sweden, which strikingly resembles Ontario in size and population, has some progressive and creative arrangements for equal educational opportunity. But the cost of such programs is high. With income tax levels of up to 65 per cent and value added tax of 23 per cent, Swedish taxpayers seem to have a fiscal stoicism that Ontarians would rather admire than emulate. Moreover, their creative initiatives are a function of cultural and societal values that are characteristic of a people and a nation distinct from Canada.

At home in Canada, we found that most jurisdictions balance the provincial share with a local levy that usually reflects local wealth. In New Brunswick, however, education is totally provincialized, and most other Eastern provinces provide grants of close to 95 per cent of recognized expenditures. Western provinces extend grants on a sliding scale, not unlike Ontario's approach, which is dependent upon local ability to pay. Provinces that fund a high percentage of expenditures exercise control through a central organization, and through plebiscites, referenda, or municipal approvals. Ontario, Saskatchewan, Manitoba, and Newfoundland are the only provinces that do not have control of expenditures.

* * *

We noted with considerable interest that some of our neighbours were also involved in detailed examinations of their funding arrangements. Manitoba, as well as Nova Scotia and British Columbia, recently completed studies of education finance. In Ontario, though, there are relatively few ongoing studies of education finance. We commissioned five papers, which are available as a supplement to this Report. David Stager investigated current demographic and economic trends and their effect upon education. Peter Atherton discussed methods of raising and distributing funds for public education.

The two papers prepared by D.A.L. Auld proposed alternative methods of funding education: one examined the degree of wealth neutrality in Ontario, and centralized and decentralized funding systems, and the other was an econometric study of current funding in relation to local wealth. Finally, Richard Hossack surveyed the potential impact of new information technologies, including computers, upon education.

PART ONE: THE CONTEXT

1. THE PURPOSE AND DELIVERY OF EDUCATION

Given the days, weeks and years spent in formal schooling and the increasing discontent with schools articulated across a broad spectrum of society, it is not an idle exercise to question what a viable role for schools could be in (re)defining the aims and purposes of education in rapidly changing, highly technological societies.

Organization on Economic
Co-operation and Development¹

Ontarians share with the rest of the world, a critical, but expectant, view of their school system that springs from the new requirements of technological and economic change. There is good reason for looking urgently to education as a vehicle that can not only promote the general good, but also stimulate economic growth. Education is primary in our present transition from the 'industrial age' to the 'information age'.

Notwithstanding a generally critical view of education, Ontarians have great expectations of their school systems. Our schools must help learners to develop their academic, intellectual, physical, social, cultural, emotional, artistic, and moral potential.² They must be keeper, learning place and second home to the pupil, helpmate to the parent, a secure workplace to the teacher and administrator; they must provide services for special needs of pupils, and serve as the only community and social centre in some areas of the province.

In return, the schools impose a heavy responsibility upon the taxpayer and are currently a target of criticism for the informed and the uninformed alike. While education is intended to help each pupil to learn, to know, and to develop in all ways possible, the delivery of education must be dispatched

¹ OECD Centre for Educational Research and Innovation, *Creativity of the School: Conclusions of a Programme of Enquiry* (Paris: OECD Publications, 1978), p. 17.

² See "The Goals of Education", in *Ontario Schools: Intermediate and Senior Divisions; Program and Diploma Requirements* (Toronto: Ministry of Education, Ontario), 1984.

with a high degree of efficiency, economy, and effectiveness.

Touching the purpose and delivery of education in all its goals is yet another expectation – “excellence”, a current preoccupation in educational theory which prompted, in the United States, the “National Commission on Excellence in Education” (1983), and no fewer than 130 state-level commissions, task forces, or committees on excellence.³ It is not surprising, then, that such high-minded terms as the “excellence movement” have become common in education. In Ontario, the word “excellence” can be found in the mottos and on the letterhead of various associations of educators. As though “educational excellence” were a serum to be injected into the system, many educators, teachers, administrators, and members of the public now seem to assume that excellence, which is exceptional by definition, can be the norm.

High resolve is admirable in itself. However, Ontarians should ask if the breadth and degree of resolve in education signals anxiety about problems that lie outside the realm of our school system. Have we, as a society, unwittingly driven our education system into over-achievement, and do we ignore the warning signals of fatigue? In all that is expected of our school system, may some part now give way? Or can the people of Ontario make a fresh assessment of the meaning, goals, and place of education in society, and match their enlarged expectation with enlarged support?

* * *

We must separate the rhetoric of reform from the reality of reform.⁴

John Gardner’s inspiring and passionate work, *Excellence*,⁵ appeared over twenty years before the so-called “excellence movement” of our decade. The more recent writers on excellence seem to be attempting to assuage current public dissatisfaction with our education system through idealism and the power of language. The labelling of kinds and degrees of excellence has had an appeal and a bracing effect in educational theory, but how much effect has it had upon current problems? It could be argued that the so-called excellence movement has served the unintended function of “talking out” current anxiety about quality of education. Through it, we have acknowledged the need for reform, but how much have we actually achieved? It is time to relinquish the ideal expressed in what Gardner called “The Question”:

Are we nourishing the kinds of talent that will create a great civilization
or are we not?

We are certainly not lowering our standards in setting apart such a

³ Victor O. Hornbostel, “Percentage Equalizing for Financing Oklahoma’s Schools: A Preferred Approach”, *Journal of Education Finance* 10 (Winter 1985), p. 399.

⁴ Daniel L. Duke has questioned these assumptions about excellence in “What is the Nature of Educational Excellence and Should We Try to Measure It?” *Phi Delta Kappan*, June 1985, pp. 671-674.

⁵ Gardner, John W., *Excellence: Can We Be Equal and Excellent Too?* New York: Harper and Row, 1961.

fundamental question. Rather, we are making an appropriate shift from the rhetoric of 1961 to the reality of 1985. In the economic turbulence afflicting most countries today, the question of greatness in any civilization has given way to that of sheer survival.

Nevertheless, there is a strong feeling of self-confidence at present in some parts of the corporate sector that shines out as an example to all, and the present concern for educational excellence comes as much from corporate spill-over as it does from Gardner. Some corporate leaders, for instance, have gone so far as to suggest that we run our universities as we would run a business. But education, it is well to remember, is not, on the whole, a competitive exercise, but a democratic one. The first duty of education, therefore, is not to reward the best student or the best school, but to nurture the best *in* every student and every school, a level of achievement, which, by the law of averages, would fall most often below "excellence". Let education, therefore, readdress itself to the pursuit of the greatest good to the greatest number. Such a diligent pursuit of tangible goals will produce, in any case, its own measure of "excellence".

* * *

From Gardner's relative paradise of 1960, our society as a whole seems to have fallen from the grace of consensus on education. While Gardner wrote from prosperity and tacit consensus in education, we now face a harsher economy, with restraint and a mood of discontent in education. Despite the frequent use of the word "excellence", teachers feel maligned and misunderstood; parents feel short-changed; the public is indignant about rising costs; ratepayers decry the local burden; and trustees feel overpowered. Everyone can point to examples of frustration in the system, and yet paradise is not entirely lost. There are in the province students as well-prepared as any in the world.

Ontario has inherited a great tradition in education, but it is well to remember that it evolved partly from certain eighteenth century schools whose first purpose was to clear the streets of criminal waifs. It could be argued that there are vestiges of that custodial motive, on the one extreme, in our schools today. At the other extreme, while education was once regarded as a privilege for a few, we now look upon it as an individual right at any age and as a life-long opportunity to be taken through a variety of sources, not just through our school system. Business and industry, professional bodies, labour organizations, and community groups all offer education in some form, and probably will offer more in the future. Distance education through television, video, and radio, allows formal learning in the home and throws out the disciplinary and custodial aspects of our traditional school systems.

Before deciding how to finance a school, Ontarians might first ask – what *is* a school and what role should it play in our learning? If our schools are over-loaded with responsibility, how much can be re-assigned to industry, the community, or to the family? The restructuring of the workplace and the economy must be organized with our school system as an important

element. Education in turn is central to our economic survival, but if it is now available in all sectors, the responsibility for educational reform must be borne by society as a whole. Such reform across all sectors, however, depends upon a change in attitude across society. From an old ideal of a school and its function we must now agree upon a new definition of a school and its place in the education of Ontarians. If the new school is closely linked to the community or to industry, how then will the funding arrangements be affected?

At the same time as we question our assumptions about education, we should also ask: what are we paying for at present? Since nearly three-quarters of the budget for education goes into teachers' salaries, it is reasonable to conclude that we are paying mainly for teachers' services. It is difficult from that perspective, however, to relate quality of education to the size of its total budget. Some will argue that raising teachers' salaries or lowering the number of pupils per teacher will raise the quality of education. But there is no clear relationship between money spent and quality achieved at any level in the system.

Thus, if raising instructional salaries or reducing the number of students in a class does not have a directly measurable effect upon the quality of education, what, indeed, does have an effect?⁶ We believe that attitude, on the part of all Ontarians, has the potential to effect profoundly the quality of education. The funding mechanisms, therefore, are only as good as the values and attitudes that set them in motion. In the final analysis, funding for education is merely a tool that serves the higher aspirations of society.

⁶ Frederic Herzberg, a student of human motivation, has shown that recognition, not salary increases, makes workers more productive in "One More Time – How do you Motivate Workers?" *Harvard Business Review* (January-February 1968) pp. 53-62. Herzberg divides true motivating factors from false, thus: "The growth or *motivator* factors . . . are: achievement, recognition for achievement, the work itself, responsibility, and growth or advancement. The dissatisfaction – avoidance . . . factors . . . include: company policy and administration, supervision, interpersonal relationships, working conditions, salary, status, and security."

2. EDUCATION AND SOCIETY

To live well in the fullest human sense involves learning as well as earning.

Mortimer J. Adler¹

All I ever wanted to do was work.

A former student at 16.²

Economic, demographic, technological, and social changes – though they are outside the immediate realm of what we call “education” – are nevertheless exerting profound pressure upon Ontario’s system of education. Declining enrolment of children, rising enrolment of adults, new information technology, and rising costs present challenges that cry out for innovative solutions. Finding those solutions calls for a combination of creativity, study, inspiration, and luck. The financing of education is the instrument for effecting such innovation, but it is not within the scope of this Report to attempt to divine the kind of innovation that leads to radical reform.³ We will, however, raise questions and indicate a possible direction for education.

Consider the learner. If our traditional assumptions about the meaning and function of a school are to be revised, so too must be our idea of the learner. New technology offers, for instance, the potential for additional individual instruction, thereby multiplying many times over the ability of a classroom teacher to give direct instruction to each pupil.

¹ *The Paideia Proposal* (New York: Macmillan, 1982), p. 12.

² Susan Ohanian offers a cynical but enlightening perspective in “Huffing and Puffing and Blowing Schools Excellent”, *Phi Delta Kappan*, January 1985, pp. 316-21. Ohanian tells the story of Stan, a “clever, industrious, and dependable” youth for whom the school system failed utterly.

³ Peter F. Drucker, in “The Discipline of Innovation”, *Harvard Business Review* (May-June 1985) pp. 67-72, defines the many circumstances out of which innovation can be born: “unexpected occurrences,” “process needs,” “demographic changes,” “changes in perception,” and “new knowledge.” In education, we have them all, particularly inequities across the province which cause “incongruity within the logic or rhythm of a process.”

Paradoxically, technology offers a humanizing influence in pedagogy. Through software that is creative and demands instant response from the student, the power of an instructor to reach each student is multiplied by the number of display terminals available. Less time is spent teaching the class as a whole, leaving more time for the teacher to tutor students individually. Furthermore, where groups of students share a terminal, what is lost in individual instruction is gained in the social interaction of peers.

In the past, the “class”, and the “grade”, have perhaps intimidated and discouraged many worthy learners of all ages. With new information technology, we can pursue more readily the democratic ideals of our society. If we believe in equal opportunity and the dignity of the individual, then perhaps it has been an affront to those ideals that we have tended to let the structure of the system take precedence over some individual needs. The continued *democratization* of the schools and efforts to ensure equal educational opportunity can be enriched by using new information technology for instruction and for administration.

At the same time, the development of a system that takes full advantage of such technology is necessarily gradual and careful because of the initial costs in acquiring equipment and in teaching teachers to use it. After examining a study we commissioned on new information technology and after observing a demonstration by several pioneers in software, we are convinced that technology holds promise for a new approach to teaching and learning. The vision of personalized instruction and truly equal opportunity costs nothing; if we can sustain that vision, over years of planning in which teachers and students learn together, we might gradually attain it.

New technology leads to restructuring of society at every level. Just as the boundaries of school organization may gradually disappear, so too some of our traditional boundaries in society – between sectors, between institutions, even between our governmental ministries – may be reshaped to meet new needs. For example, educators are aware of the need for close consultation between industry and the colleges and universities. There is as urgent a need for more responsive planning between our secondary schools and the training requirements for industry.

Similarly, while education has certain traditional goals, it has taken on social and cultural responsibilities that are formally overseen in other ministries. The inter-ministerial nature of education, its potential for the good of every sector, and its influence upon all that we do in our public and private lives makes it unique among governmental ministries. That education has already outgrown its pedagogical limits as a ministry indicates its evolution as a compound, and not a specialized body. It has been argued, for example, that higher funding levels to schools, which allow them to raise the quality of life through social or cultural programs, can be offset by lower funding for other ministries. The developmental aspects of school programs obviate or alleviate the need for remedial social programs.

When education is seen in its true magnitude, the implications for the reform of its financing are formidable indeed. If we consider education within its traditional limits, it is easy to recite the ministry’s guiding principles and

goals, which include efficiency, economy, effectiveness and equality of opportunity, and, from the individual's viewpoint, the development for the good of the learner, in all ways possible. The merit of these principles is indisputable; they are all devoted to the process of working toward an educated society.

But if we take a step further the idea of education as the sum of many goals in society, and the education system as a compound authority which nurtures these goals, then we must expand those guiding principles beyond the process to include the product, or result of education. When we ask, "Why educate?", the familiar answer remains valid. We educate people so that they may be publicly useful and privately happy.⁴ In the last years of this century, however, worldwide economic upheaval has demanded a clear articulation of what we mean by publicly useful.

The key to reform in education may be in attempting to maintain the largest possible view of its role in society. Our present system of education seems to have evolved from a gradual accretion of responsibility in which expectation kept pace with growth, while acknowledgement through funding and public support did not. The added layers of responsibility answered needs as they arose, but the ultimate product of education – a society of publicly useful and privately happy individuals – was not the guiding objective it might have been. Over the past two decades, full employment has been an acknowledged goal in Canada and, like other nations, Canadians have arrived at a crisis in which employment, in fact, has asserted itself as an utmost priority.

Profound attitudinal change must come before structural change. The traditional view of the relationship between education and employment illustrates how outmoded attitudes can impede innovative reform. It is commonly thought that one motive for education is preparation for the work force. At the same time, cynics claim that a higher motive for education is the delaying of entry into the work force. Both views are misleading because they separate education from employment. Such perception springs from a divisive, rather than an integrated, view of our society and its goals. If it was useful in the industrial age to structure society by dividing it into public and private sectors, the new information age requires a release from these divisions which served the needs of a different economy. Just as holistic medicine has replaced the remedial approach with a preventive one, so too must society take an integrated 'holistic' approach to the interdependencies of all sectors.

Education then, in an integrated view, is not separate from employment; education is, in fact, a form of employment. If we think of employment as gainful work, then an individual's life career is made up of periods of work in which what is gained is at times, a salary, and at other times, knowledge. These two kinds of employment will become more intertwined and mutually enriching throughout an individual's life than ever before.

⁴ From the speeches of educator Dr. J. G. Althouse, Chief Director of the Department of Education of the Province of Ontario, 1944-56.

The new emphasis upon education as an integral and intermittent part of the lifework of an individual has profound implications for the place of formal education in society. Former attitudes limited education to a preparatory phase through which the young passed as expeditiously as possible. But now, with the need for lifelong retraining as we undergo change in the workplace, education must provide not preparation for *becoming* publicly useful, but a means of *being* publicly useful. In the new information society, the attitude that separated learning from working may be replaced by a more enlightened view of learning and working as the two halves of employment.

3. PAST AND PRESENT FUNDING METHODS

From a glimpse of a future ideal, let us examine the gradual evolution of financing elementary and secondary education in Ontario. The present system has its roots in the political, economic, and social history of Canada. If the nation's guiding principle has been a proud one of "peace, order, and good government", then we need not hang our heads at a relatively tranquil history that reflects those values. The financing of education in Ontario has evolved through the efforts of reasonable people from elitist beginnings toward fairness and equity. The chronology of Appendix B highlights the main events in our history of the financing of education, which has evolved to keep pace with schooling as mainly a personal benefit for the few to education as an individual right for all.

Government support for schooling can be traced back to 1796 when a grant was voted to a school in Cataraqui, near Kingston. In the early nineteenth century education was regarded more as a personal benefit than as a benefit for society. Thus, provincial support for schools was sporadic at best; however, the idea gained momentum in the 1850s under the leadership of Egerton Ryerson, founder of Ontario's educational system.

At one time, each school was maintained through voluntary effort and subscription in self-sustaining communities. This support, initially paid for in cash or in kind, became tied to property when the *Baldwin Act* in 1849 and the *Assessment Act* in 1850 allowed municipalities to raise taxes on property in Ontario. The notion of "user pay" remained partly in effect until 1921 when fees were abolished.

An improvement to the system came in 1907 and was formalized in 1924: the attempt to equalize provincial support on the basis of local ability to pay measured in terms of property assessment. The practice, however, had not always been so egalitarian. An interesting experiment took place in the 1880s, when the government linked the payment of grants to the scholastic achievement of pupils in high schools. Although the attempt failed, the principle of providing grants to stimulate certain activities was established.

Funding Plans, 1945-70

In 1943 the provincial government, under the leadership of Premier George Drew, was elected on the promise that the province would assume half the cost of school expenditures. The treasurer of Ontario, the Honourable Leslie Frost, kept the promise in 1945 but only on a number of selected costs. The provincial government introduced the concept of "approved costs" through which it was able to maintain some degree of control over funding. The criteria for distributing funds differed from country to city. For instance, grants to boards in rural areas related to property assessment, while those to urban boards were based on total population and daily enrolment.

Ontario experienced unprecedented population growth in the 1950s. New suburbs needed schools; large secondary school districts had to transport more pupils than before. Consequently, the grant plan was modified to recognize boards where rapid growth and extensive bus routes meant greater needs. The provincial government increased its funding for approved costs and the grant plan placed more emphasis on assessment and population as measures of ability to pay.

In 1958 the equalized taxable assessment was incorporated into the funding formula. This provision allowed the government to relate grants to the ability of boards to raise revenue. Many municipalities, however, attempted to increase grants by under-assessing real property. Consequently, the government introduced equalization factors to adjust local assessments to a more uniform base and to offset inequities in the grants for municipalities and school boards.

Funding inequities were gradually reduced in the early sixties. For example, capital grants were extended to cover the cost of constructing technical facilities, home economics rooms, and cafeterias. In 1961 the Residential and Farm School Tax Assistance Plan gave municipal councils larger grants if they reduced the tax rate on house and farm owners. This became known as the "split mill rate", which remained in effect until 1964.

The federal government temporarily entered the field of education through the Federal-Provincial Technical and Vocational Training Agreement. Initially, new projects were funded jointly by the two governments with a 3:1 federal-provincial ratio, with the local boards assuming the eventual costs of maintenance.

The level of provincial grants continued to rise in the 1960s, especially for Roman Catholic separate school boards which were at a relative disadvantage in terms of access to commercial and industrial assessment. Over all, the province paid about 34 per cent of expenditures for public schools and close to 60 per cent for separate schools.

A new funding model, the Ontario Foundation Tax Plan, was implemented in 1964 by the Honourable William Davis, then Minister of Education. This plan based the cost of education on a model school program, the costs of which were estimated in sample boards in Ontario. The province set a

mill rate that had to be levied by boards and provided grants to bring all boards up to the foundation level. Boards were permitted to spend additional funds beyond that level but they had to raise locally the full amount for such expenditures. The 1964 plan made the formula for distributing funds simpler and more flexible than those used in the past. By varying the definition of average daily attendance, for example, funding provisions were made for handicapped pupils.

The procedures for equalizing local assessment continued to cause difficulty. In 1966 the Department of Municipal Affairs replaced its 1940 scale with a re-sale or market value scale. Although equalization factors were published annually, assessment figures were not always reviewed regularly.

Continued growth and shifts in population prompted the province to provide additional grants to school boards most affected by enrolment changes. Similarly, in order to recognize certain higher costs, such as those in northern Ontario, the province created incentives for consolidating small, less cost-efficient boards. Thus, from 3,462 elementary school boards in 1960, there were only 1,408 by 1966. The move to consolidation continued until 1969, when a major reorganization reduced further the number of school boards to fewer than 200.

The late sixties saw a substantial increase in provincial support. In 1969 school boards raised about 53 per cent of expenditures, down from 68 per cent in 1955. High expenditures were tied to enrolment growth, to greater demands made of schools and to inflation.

Funding Plans, 1970-85

In 1969 a modified grant plan was introduced and maintained until 1978. The Variable Percentage Grant Plan, as it was known, incorporated the concept of block grants by allocating financial resources to local jurisdictions, which in turn were free to use the funds according to their own priorities. The plan was aimed at ensuring equality of educational opportunity through equalizing grants. All jurisdictions, regardless of local wealth, had the same mill rate for comparable levels of recognized expenditure.

The consolidation of school districts in 1969 made the delivery system more efficient but created some funding inequities. For example, tax increases of over 300 per cent would have resulted in a few areas from the redistribution of local levies arising from the consolidation. Consequently, the province gave a mill rate subsidy to offset any undue increase in local taxes and to soften the impact arising from the creation of the larger units of governance. At the same time, the province undertook to increase provincial support to 60 per cent of board expenditures by 1972-73. The government reached this objective in fiscal year 1973, when provincial grants reached 60.5 per cent of expenditures. Although the province increased its level of support on approved ordinary expenditures, it imposed expenditure ceilings. Boards that did not keep their expenditures in line with provincial guidelines were subject to penalties.

ERRATUM

This page is missing from the Report of the Commission on the Financing of Elementary and Secondary Education in Ontario.

In 1976, however, the expenditure ceilings were removed because high inflation rendered them too low for some localities and because the penalties themselves were difficult to impose. At the same time, the Anti-Inflation Board, a federal body, introduced controls which tended to affect boards in different ways, creating further inequities.

By the mid-seventies the number of pupils in Ontario had fallen dramatically. The 1978 Commission on Declining School Enrolments under the chairmanship of Dr. R.W.B. Jackson studied this turn of events and its related consequences. One major concern of the commission was the measure of fiscal equity in the local assessment base on which boards of education and Roman Catholic separate school boards depended.

Equality of educational opportunity and fiscal equity underscored the search for a fairer method of funding schools. In 1978 the Variable Percentage Grant Plan was replaced by the Mill Rate Equalization Plan. This new plan, which is still in effect, is based on the principle of equal yield for equal effort. All boards have the same mill rate on equalized property assessment for the same level of recognized ordinary expenditure per pupil. They have the same financial revenue per pupil through local property tax revenues and provincial grants. The amount of the provincial grant is the difference between the local yield and the total recognized expenditure of a school board.

The plan has features that allow for additional grants to school boards for special circumstances and program needs. For instance, such special circumstances as regional differences in the price of goods and services or differences in the costs of technical and vocational education, or other unique program needs are recognized through weighting factors. Thus, boards in northern Ontario with higher costs of goods and services receive additional grants to offset their additional expenses. Assistance is also given to boards that employ experienced and qualified teachers, whose salaries are higher than the provincial norm.

By September 1985 school boards were required to provide special education programs and services for all pupils needing them. Extra funds have been allocated to meet the additional costs of these programs and services. Financial support is also available for the provision of French as a first and French as a second language programs. Finally, there are in the plan funding provisions for capital expenditures, pupil transportation costs and debt charges.

* * *

The evolution of the method of funding education has been gradual since pioneer days. The debate, which became more intense after 1945, will continue into 1986 and beyond and include governance and accountability, the source of revenue, the sharing process, and new information technology. We examine these issues and propose courses of action in the 54 recommendations which follow in Part 2.

PART TWO: THE DEBATE

4. GOVERNANCE AND RESPONSIBILITY

Governance, within the context of this Report, refers to decision-making by locally elected boards and the balance of responsibility between the province and a school board. The duties and powers of a board and the accountability of the board to the central authority and to the local electorate are of primary concern in governance.

In this chapter, we propose school board governance and administrative structures suited to local geographic and demographic needs. While we support the concept of local decision-making, we propose changes in the collective bargaining process and suggest approaches for enhancing accountability. In upholding the importance of local responsibility for education, we stress the need to conduct business in the education sector effectively, efficiently and economically.

* * *

With the *Constitution Act*, 1867, formerly the *British North America Act*, education became a provincial responsibility. Ontario's *Education Act* provides for the creation of public and separate school boards and articulates the powers and duties of these locally elected bodies. Under the *Education Act* the Ministry of Education formulates the broad policies for education and the local authorities operate schools. There is between the central and local agencies and various interest groups a dynamic tension providing for interaction and adjustment in the organization, administration, and financing of the educational system.

The last major reorganization of school boards took place in 1969. About 1,300 school boards were consolidated into 125 larger administrative units. This reorganization reduced the variation among boards in equalized property assessment per student. "The ratio of the lowest to highest evaluation decreased from 1:1,100 before reorganization to 1:21 after reorganization."¹ There are now 77 boards of education, 49 county and district Roman Catholic separate school boards and 60 other school boards serving isolated areas in Northern Ontario, treatment centres, and military bases.

¹ Lawton, Stephen, "Political Values in Educational Finances in Canada and in the United States", *Journal of Education Finance*, Summer 1979, p. 9.

School Board Structures

Alternative governance structures are possible and desirable in a province as diverse as Ontario.

At the public hearings in Ottawa there was considerable expressed support for restructuring the system of educational governance in the Regional Municipality of Ottawa-Carleton. One proposal suggested the creation of a French-language school board for the Ottawa-Carleton region which would have an enrolment of 20,000 pupils. Another element was the concurrent creation of one board of education for 55,000 pupils and one Roman Catholic separate school board with 31,000 pupils for the region.

A similar proposal was made in the Report of the Ottawa-Carleton Review Commission (Mayo, 1976). We agree with the principle endorsed by the Ontario Court of Appeal that the French-language citizens of Ontario should have decision-making powers in the management of French-language schools and we support the proposals for a French-language school board in the Ottawa-Carleton region.

Several related issues will require study and resolution. For instance, the province would need to determine how the religious components can be provided for the schools of the board, considering historical and cultural imperatives, including *les droits religieux acquis*. However, these issues should not stand in the way of this specific need.

We recommend, therefore:

1. That a French-language school board be established in the Regional Municipality of Ottawa-Carleton and that other French-language boards be established where circumstances warrant.

Bill 30, an Act to Amend the *Education Act*, currently before the Legislature, would enable separate school boards to provide secondary education. The result would be a system of two distinct school boards operating elementary and secondary schools: a Roman Catholic separate school board providing education for the children of resident ratepayers who are qualified and choose to be separate school supporters, and a board of education providing education for the children of the remaining residents.

The bill states that "a separate school board may elect to perform the duties of a secondary school board" and the Minister may approve such a decision. If one of these decisions is negative, the status quo would, presumably, continue: that is, a separate school board operating Roman Catholic elementary schools, a public school panel of the board of education operating elementary schools, and a secondary school panel of the board of education operating secondary schools.

The appointment of the Commission was announced concurrently with the proposal to extend the powers of Roman Catholic separate school boards to operate secondary schools. We believe that the recommendations in this

Report are applicable whether or not Roman Catholic or any other private schools receive public funding.

Many of the briefs we received spoke to the restructuring of local education authorities to promote equity, economy, and efficiency, and to enhance planning and financial functions. The redirection of financial savings from the restructuring of school boards to pupils' needs in the classroom can raise the overall potential for learning.

Therefore, in addition to the current basic two-board structure, and the three-board arrangement recommended for Ottawa-Carleton, other models may be appropriate.

In Metropolitan Toronto educational governance comes under the *Municipality of Metropolitan Toronto Act* (1953). The two-tier system of school governance seems to be appropriate for Metropolitan Toronto.

We recommend:

- 2. That provision be continued for a two-tier system of governance where such an arrangement is deemed appropriate.**

There are areas of the province where, in the name of common sense and efficient use of resources, the creation of one governance structure in a city, county, or district would be more appropriate than two or three boards operating elementary and secondary schools in the same area. There should be provision for the development of one such board in areas where the French-language, Roman Catholic, and public school ratepayers so agree, each by majority vote.² Guaranties would have to be given to confirm the rights of Roman Catholic and French-language parents and students to choose their school and to ensure that the new education authority provide public, Roman Catholic and French-language education.

In addition, it would be necessary to state in legislation how the board would be elected to ensure representation by each of the three groups: for what business the board as a whole would be responsible, and what would be the decision-making powers of each of the three groups.

We recommend:

- 3. That enabling legislation make possible the creation of new integrated school boards where decided at the local level by referendum by each of the participating groups and, where so decided, legislation require these agencies to provide public, Roman Catholic and, where circumstances warrant, French-language schools, and that it confirm the right of parents and students to choose their school.**

Dr. J.W. Fyfe dissents from this recommendation. The following is his statement:

² Where only two boards exist, then the ratepayers of those boards would have to agree, each by majority vote.

Having regard to the constitutional rights of Roman Catholic separate schools, it is proposed that exploration of all avenues of cooperation provides the best route for achieving the wisest and most economical use of human and physical educational resources in Ontario. This is particularly true in those areas of the province that, for geographic and sparsity of population reasons, cry out for such cooperative efforts. Before anything radical, potentially controversial and fraught with constitutional implications, as an integrated school board is considered, it would seem much wiser to fully explore and seek solutions in presently-operated structures.

Constitutional provisions lead inevitably to the conclusions that minorities who feel wronged will seek redress. We have been fortunate in this country. Leaders of wisdom have enacted laws in the field of education to provide for, and protect the rights of minorities.

Indeed, Canada's creation was accomplished in part by the application of such wisdom and cooperation to ensure the protection of minority rights. Our new Canadian Constitution and the *Charter of Rights and Freedoms* reiterates those protections.

The right of Roman Catholic parents to establish Roman Catholic dissentient schools was re-affirmed in the *Scott Act* of 1863. It firmly established the right to establish such schools and to have them governed by Roman Catholic trustees, *a right that cannot be shared*. To propose that this right will be surrendered is to ignore the century-long struggle by Roman Catholic separate school people to have and to control their own complete school system.

There have been numerous court decisions affirming the right of Roman Catholic separate school supporters to establish, maintain and govern their own schools. The case of the Trustees of the Roman Catholic Separate Schools of Ottawa vs. Ottawa Corporation heard by the Privy Council (1917 A.C. 76) confirmed the right of five heads of Roman Catholic families to establish a Roman Catholic separate school and to elect Roman Catholic trustees to govern the complete operation of that school. Lord Buckmaster, L.C., in writing the court judgement said, "It is the creation of power and not its exercise that is subject to objection, and the objection would not be removed even though the powers conferred were never exercised at all. To give authority to withdraw a right or privilege under these conditions necessarily operates to the prejudice of the class of persons affected by the withdrawal." The question the court was addressing was whether the Minister of Education of the Province of Ontario had the power, "to suspend or withdraw all or any part of the rights, powers and privileges of the (Ottawa Roman Catholic Separate School) Board indefinitely." Their Lordships ruled that in the case of Roman Catholic Separate School Boards either they retained all their powers and rights or they retained none. The powers and rights were not divisible and were protected under Section 93, sub-section 1 of the *British North America Act*, 1867. The same sections are contained in the new Canadian Constitution.

It is my contention that through cooperation and the exercise of goodwill, the ends desired by my fellow commissioners can be achieved. Brief after brief submitted to the Social Development Committee of the Legislature in its hearings on Bill 30, from areas of population sparsity and isolation, have made the point time and again that through cooperative efforts the best ends for students can be met. Let me draw attention to the brief from the North of Superior Roman Catholic Separate School Board. In their brief, they refer to cooperation between their Board and the Public School Board of Education.

"Twelve years ago, there were three small schools around Nakina, a four-room public school, a two-room separate school, a four-room Indian school and nothing for Fran-

cophone children. The town itself had no community buildings such as an auditorium, gymnasium or library.

Through a series of unique agreements, the Nakina Public and Roman Catholic Separate School Boards, with ministry support, built over ten years ago, an excellent facility with common areas such as gym-auditorium, health room, offices, etc. Today, in this one modernized well-equipped facility, there is a distinct Roman Catholic separate school entity, (which in turn serves a significant Indian community), a distinct public school entity and a distinct Francophone entity.

A small Roman Catholic separate school, a small public school, a small Indian school and a Francophone school now share an outstanding facility which could never have been provided for any one group of children or the community as a whole, any other way."

Each sector is operated and governed by either the Roman Catholic separate school board or the public school board, respectively.

Cooperation by people of good will, not an integrated school board, created the facility.

The restructuring of school boards in 1969 left the cities of Hamilton and London with their own boards of education and created boards of education in the surrounding counties of Wentworth and Middlesex. The separate schools in Hamilton and Wentworth are operated by the Hamilton-Wentworth Roman Catholic Separate School Board; London and Middlesex are served by the London and Middlesex Roman Catholic Separate School Board. At the same time both a board of education and a Roman Catholic separate school board serve Ottawa and Windsor and the neighbouring counties of Carleton and Essex.

With the spread of urban centres into the surrounding countryside, there has been no clear geographic demarcation between boards. Governance and funding issues, as well as attempts to utilize available classroom space, are therefore often complicated by territorial imperatives. Moreover, by law students have the right to attend the school nearest to home, thereby making boundary lines less useful for planning.

Furthermore, if a French-language school board were created for the Regional Municipality of Ottawa-Carleton, there would be five boards in the area, which hardly seems reasonable. The possible creation of French-language boards in other parts of the province and the extension of the responsibilities of Roman Catholic separate school boards will require careful evaluation of the scope and size of boards.

If the Roman Catholic secondary school extension plans are implemented, the need for the creation of new boards, or for the consolidation of some boards of education and separate school boards, particularly in northern Ontario, will become clearer.

We recommend, therefore:

4. That there be in Windsor/Essex, London/Middlesex, Hamilton/Wentworth, and Ottawa/Carleton one board of education and one Roman Catholic separate school board to serve each respective area;

and

5. That the geographic jurisdictions of other boards be reviewed.

In the case of county and district separate school boards, an outline representing the portion of the county under a board's jurisdiction resembles a slice of Swiss cheese. This irregular circle pattern is the result of the formation in a county of random separate school zones having a three-mile radius around central points. Zones overlap into neighbouring counties in unusual configurations. We believe the time has come to simplify the cumbersome and antiquated method of establishing separate school zones.

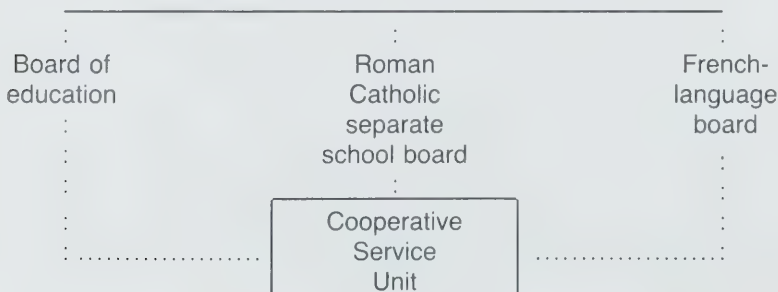
We recommend:

6. That a Roman Catholic separate school board have jurisdiction within one or more counties, and in northern Ontario in the named municipalities and unorganized townships, and that the areas of jurisdiction of Roman Catholic separate school boards and boards of education be coterminous wherever possible.

Another issue related to governance involves efficient management practices. Many boards have cooperative arrangements whereby they jointly plan pupil transportation, purchase supplies, and cooperate for more reasonably priced computer and accounting services. Such arrangements appear to depend greatly upon the initiative and foresight of senior administrative officials and trustees. Although not all ventures have been successful, cooperation could be more widely applied to provide expert and efficient service.

We believe there is a need to encourage and legitimize such initiatives by passing enabling legislation to allow for the creation of cooperative units. Such partnerships or agencies could provide services for purchasing, accounting, transportation, plant operation and maintenance, computer applications and other non-instructional services, including financial planning, budgeting, and management information. The development of these agencies would require a change in management practices, not in educational governance, and some of the broad terms of reference could be set down in legislation or related regulations. The decision would be made by a board to participate in the arrangement depicted in Figure 4.1.

Figure 4.1 Cooperative Service Units



Hence, we recommend:

7. That the *Education Act* provide for boards of education, Roman Catholic separate school boards and, where established, French-language boards to form cooperative service units to provide and deliver non-instructional support services including those categorized as planning, purchasing, plant operation and maintenance, accounting, administration, transportation and other specialized services.

Expert and efficient service need not be limited to cooperative service units. We were particularly impressed during our visits across the province by smaller local initiatives for appreciable savings in staff and costs. Curricular programs are shared by some boards. Elsewhere, boards and public agencies are cooperating to purchase paper supplies in bulk. We believe there is a need to recognize and encourage such initiatives.

We also heard concerns about the limitations in the power of school boards to purchase instructional services from each other under section 162 of the *Education Act*.

We recommend, therefore:

8. That a separate school board and a board of education be empowered to purchase education and other services from each other and that such powers be extended to the French-language school boards proposed in this Report.

Collective Agreements

With the proclamation of the *Teaching Profession Act* in 1944 the modern era of teacher-trustee relationships was launched. The 1940s was an era not of collective bargaining between school boards and their teachers, but of 'collective begging'. Gradually, however, in the 1950s new tactics were developed, including mass resignations on the two dates permitted by individual contract, and the publication of the pink letter. The pink letter was sent to all teachers and teachers-in-training by an affiliate of the Ontario Teachers' Federation to inform them that there was a salary dispute in a particular jurisdiction, and that no one should apply for a position until the dispute had been settled and the teachers' resignations had been withdrawn.

In the 1960s and early 1970s other methods of applying pressure evolved. Teachers used rotating walk outs, work-to-rule, and full withdrawal of services in particularly difficult negotiations or in situations where they were raising a new item such as working conditions. In many of these more serious disputes, the Minister of Education or the Deputy Minister was called into the jurisdiction to mediate a settlement before resorting to legislative intervention.

In 1975 the Minister introduced the *School Boards and Teachers Collective Negotiations Act*. The purpose of the Act was “the furthering of harmonious relations between boards and teachers by providing for the making and reviewing of agreements and by providing for the relations between board and teachers in respect of agreements”.³ The Act included a timetable for negotiations, fact finding, mediation, voluntary arbitration and final offer selection; a process of grievance arbitration, including the right to strike and lockout, the right to negotiate any term or condition of employment; and it established the Education Relations Commission.

In submissions to us there was extensive discussion about the Act and relations, harmonious or otherwise, between teachers and school boards. We were told that the provisions of the Act are not effective at the bargaining table and that one side is sometimes “over-matched” by the other. On the other hand, the research we contracted shows that the process has not been abused and that the outcomes of negotiation have been consistent with those obtained in other sectors, public and private.

We are aware that negotiations decide the fate of a very large percentage of the cost of education, and we are not proposing to control costs by reducing the legitimate objectives of either party at the negotiating table. The right to strike or lock-out should continue with respect to salary and other employee benefits. Yet efficiency and economy of time would be improved if, instead of conducting multiple negotiations at the local level, bargaining would take place once at the provincial level for each, or a combination of two or more, appropriate affiliates of the Ontario Teachers’ Federation.

With other contractual terms and conditions of employment, we endorse the principle of local negotiations. However, because prolonged strikes at the local level affect pupils differentially, teachers should not have the right to strike or lock-out at this level. Instead, if an agreement were not reached by June 30 in any year, or any other date as mutually agreed, prior to the commencement of a new contract, binding final offer selection would end the dispute. In such situations, one selector could be appointed at random from a number of trained selectors mutually acceptable to all parties. The Education Relations Commission should be responsible for ensuring the availability of selectors thoroughly familiar with the intricacies of working conditions within school boards.

The salary grid for teachers, which sets out teachers’ remuneration according to levels of qualification and years of experience, received considerable attention in the briefs. We analyzed salary plans for other professions and propose that the present system for teachers be replaced by a method that recognizes quality of performance. Hence, new teachers would be remunerated as apprentices; experienced staff would move to a profes-

³ *School Boards and Teachers Collective Negotiations Act*, R.S.O. 1982, Chapter 464, section 2.

sional level; and outstanding teachers would be paid according to a special 'master' category. The process for moving from one designation to the next could be similar to that in related professions.

We recommend, therefore:

9. That the *School Boards and Teachers Collective Negotiations Act* be amended to provide for province-wide bargaining of salaries and employee benefits, including the number of days worked, between affiliates of the Ontario Teachers' Federation and trustee associations with the right to strike and lock-out;

and

10. That the above Act be amended to provide for all other terms and conditions of employment to be negotiated between branch affiliates and the local school board and that if no agreement is reached by June 30, or any other date as mutually agreed, prior to the commencement of a new contract, binding final offer selection end the dispute.

Approaches to Accountability

Accountability includes public reporting on financial and educational matters, and the planning and implementation of policy at three levels: the province, the school board, and the school.

We would like at the outset of this portion of the discussion to acknowledge the responsibility carried and the contribution made by the many truly professional teachers in the schools of this province. In the process of understanding and evaluating the system of education we need to regard the development of our human potential as an investment, and to regard our teachers, not as objects of improvement, but as participants in and initiators of that development.

We have studied reports on educational policy in Canada prepared by the Organization on Economic Co-operation and Development (1976). The International Association for the Evaluation of Educational Achievement is conducting mathematics, science, and classroom climate surveys that can be useful in providing Ontarians with an international perspective. The results will help legislators, trustees, administrators, and teachers to assess their stewardship and to improve administrative and financial systems and, of course, educational programs. At the same time, the Ministry of Education needs up-to-date information in order to improve its policies and to review the degree to which policies are put into practice. We are aware of initiatives toward the development of new evaluation methods in the United States⁴ and of the work of Her Majesty's Inspectors in Great Britain.

⁴ Smith, Nick L., ed., *Federal Efforts to Develop New Evaluation Methods*, San Francisco: Jossey-Bass, 1981.

We commend the Ministry of Education for monitoring and evaluating policy and its implementation through provincial reviews and audits. It also provides assistance to school boards to carry out cooperative reviews to evaluate and improve their programs. The province has the right and the responsibility to articulate its expectations for schools and to report publicly the degree to which these expectations are achieved. For greater objectivity and broader perspectives on problems and their solutions, however, outside evaluators should be engaged from time to time.

We recommend, therefore:

- 11. That the Ministry of Education use a variety of evaluation strategies, including independent evaluators, to fulfill and account for its responsibilities.**

Every three years trustees answer to the electors at the polls. In addition, school boards must evaluate their activities regularly and comprehensively. It is appropriate, therefore, to examine personnel, programs, student achievement, and the relationship among them. Again, the use of evaluators from outside the system could increase the objectivity of the results.

Since each school board has duties and powers under the *Education Act* and the Minister of Education is ultimately accountable for the delivery of education in Ontario, we recommend:

- 12. That each school board conduct regularly, or at the request of the Minister, a comprehensive evaluation of the system using both internal and external personnel, and that the report form the basis of planning;**

and

- 13. That each school board submit to the Minister as part of the annual report, and as a matter of public record, an outline of its plans for the development, implementation, and evaluation of programs and schools.**

5. ONTARIO'S COMMON WEALTH

Provincial and Local Sharing

In 1985 Ontario's elementary and secondary education bill is estimated at \$6,787 million. The province and the local school boards share this responsibility, with \$3,151.8 million coming from provincial grants and \$3,635.2 million contributed locally.

The balance between provincial and local contributions is one of the foremost concerns in the financing of education. Time and again the writers of briefs and the speakers at the public hearings stressed the importance of that balance by discussing such crucial issues as fiscal responsibility, local decision-making, and accountability. There was a general call for an increased level of contribution on the provincial side, and we support that call, but not without careful consideration of its consequences and implications.

At present, the province does not exercise direct control over the annual total of school board budgetary disbursements. Yet the provincial share, traditionally expressed as a percentage of school board expenditure, is a function of whatever that expenditure turns out to be. In 1970, provincial grants were \$844 million, representing 51.5 per cent of a total school board expenditure of \$1,640 million. In 1975, provincial grants rose to \$1,628 million, being 61.3 per cent of an expenditure of \$2,656 million. In 1985, however, provincial grants of \$3,151.8 million will represent 46.4 per cent of a projected expenditure of \$6,787 million. A summary of school board expenditures, general legislative grants, local taxation, and provincial rate of support is shown in Table 5.1.

The steady decline since 1975 in the rate of provincial support has become cause for increasing concern among local trustees, officials, teachers, and ratepayers who perceive diminished provincial support to threaten the quality of education in Ontario. It could be argued that the provincial rate of support is merely a mathematical happenstance, subject to the magnitude of the annual total school board expenditure. We note, however, that provincial grants have not actually diminished but have, on a per-pupil basis, kept pace with inflation. Further, we have learned, from examples of high

Table 5.1 School Board Expenditures, General Legislative Grants (GLG), Local Taxation and Provincial Rate of Support Ontario, 1970-85

(\$ Million)				
Year	School Board Expenditure (\$)	GLG (\$)	Local Taxation (\$)	Provincial Rate of Support (%)
1970	1,639.5	844.6	794.9	51.5
1971	1,784.2	1,012.5	771.7	56.8
1972	1,935.7	1,155.2	780.5	59.7
1973	1,999.3	1,209.9	789.4	60.5
1974	2,217.3	1,317.9	899.4	59.4
1975	2,656.2	1,628.7	1,027.5	61.3
1976	3,105.1	1,720.2	1,384.9	55.4
1977	3,407.1	1,870.6	1,536.5	54.9
1978	3,661.4	1,951.8	1,709.6	53.3
1979	3,919.0	2,055.9	1,863.1	52.5
1980	4,285.3	2,230.7	2,054.6	52.1
1981	4,791.4	2,484.7	2,306.7	51.9
1982	5,428.8	2,741.1	2,687.7	50.5
1983	5,912.6	2,919.9	2,992.7	49.4
1984 (est.)	6,337.2	3,017.3	3,319.9	47.6
1985 (est.)	6,787.0	3,151.8	3,635.2	46.4

Source: Ministry of Education, Ontario, November 1985

quality education in some school boards where restraints are most strict, that quality of education cannot be judged upon financial premises alone.

Indeed, what makes the examination of education finance difficult is the degree to which education supports and depends upon other sectors of society. Declining enrolment, increases in the cost of goods and services, the shrinking percentage of ratepayers who are parents,¹ changing provincial and local priorities, and demands for programs, even the economic fortunes of Ontario and the world – all have an influence on the level of provincial spending. Meanwhile, the Government of Ontario faces the financial reality

¹ Stager, David, "Demographic and Economic Trends, with Consequences for Public Sector Education in Ontario", *A Discussion Paper Prepared for the Commission*, Toronto, February, 1985.

of ever-increasing competition by all government programs and services for shrinking provincial resources, at the same time as local ratepayers are confronted with rising education costs and increasing property taxes.

The sources of existing and potential wealth are examined in the next sections.

Provincial Finances

Provincial transfer payments to school boards, together with all other government programs and services, are part of the Consolidated Revenue Fund Outflows of the government. The 1985-86 Budget Plan shows a total budgetary expenditure of \$28,496 million. The annual allocation for the General Legislative Grants is subject to government policies and priorities and has to compete with other budgetary requirements, such as health, community and social services, transportation and communications, environment, justice services, industrial development, job creation, and public debt interest.

The 1985-86 Budget Plan shows a total budgetary revenue of \$25,696 million as part of the Consolidated Revenue Fund Inflows. This amount includes taxation revenues totalling \$16,708 million, the major tax items being personal income (\$6,777 million), corporation (\$2,641 million), retail sales (\$5,019 million), gasoline (\$1,020 million), and tobacco (\$561 million). Other major revenues total \$4,345 million, including OHIP premiums (\$1,638 million), LCBO profits (\$682 million), and various fees and charges for government services. Government of Canada transfer payments total \$4,643 million.

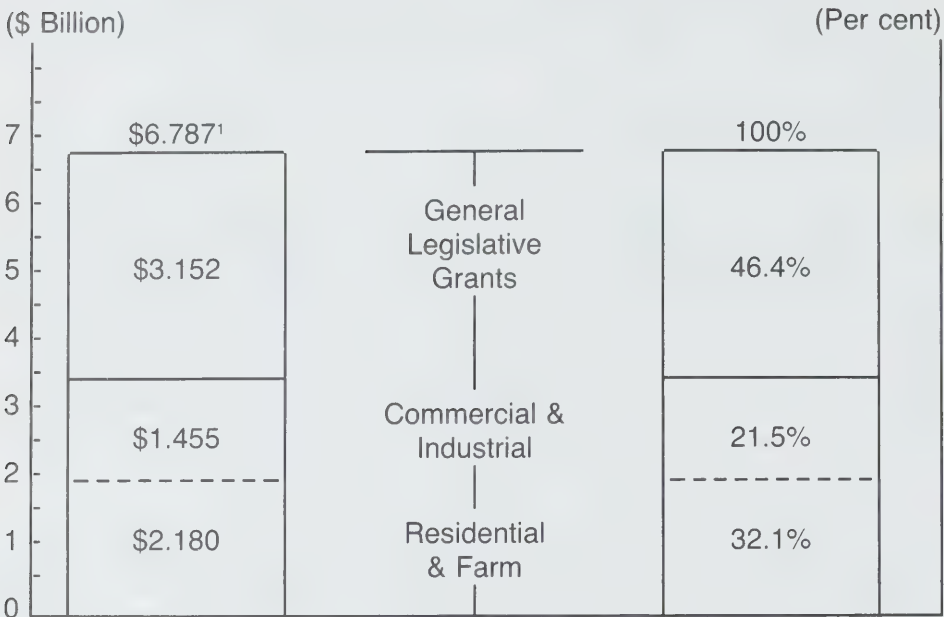
The Commission reviewed these Ontario finances² and earlier data in order to understand the fiscal realities and their influence on public finance in Ontario, particularly as they relate to support for education. We noted especially the desirable goal for any government to reduce deficits and to attain balanced budgets. We recognize that the scope of provincial revenues is greatly influenced by the larger economic picture.

The Local Share

At present the major local revenue base for financing education is the real property tax on residential and farm assessment, and commercial and industrial assessment, totalling about \$3.7 billion in 1985. The split of the equalized assessment for grant purposes is approximately 60 per cent residential and 40 per cent commercial. Based on 1985 estimates, residential and farm property tax revenue for education is approximately \$2.2 billion, and commercial and industrial property tax revenue about \$1.5 billion. These two sources of local revenue support approximately 32 per cent and 22 per cent respectively of the 1985 education expenditure of \$6.8 billion. These proportions are shown in Chart 5.1.

² 1985 Ontario Budget, October 24, 1985: Table C2 and Table C3.

Chart 5.1 Ontario Education Property Taxes and Provincial Grants, 1985



Source: Ministry of Education, Ontario

¹Estimated 1985 total school board expenditures, including expenditures approved for grant purposes (\$5.8 b) and unapproved expenditures (\$1.0 b)

In 1970 local taxation for education totalled \$794.9 million. In 1985 it is estimated at \$3,635 million. Thus, during the period 1970-85, local taxation has increased by 357 per cent. At the same time, the property tax base itself has grown by more than 73 per cent because of additions to the assessment rolls. This means that while total local taxation has increased by 357 per cent, the average mill rate has increased by about 164 per cent, compared to an increase in the consumer price index of about 210 per cent during the same period. Meanwhile, pupil enrolment has declined from 2,022,000 in 1970 to about 1,740,000 in 1985, a decline of 14 per cent.

Throughout the past decade, however, continuing pressure has been exerted on the school boards and the local taxation base by the introduction of new programs and services, including such government initiatives as higher qualifications required of teachers, mandatory special education, second language instruction, the heritage languages program, cooperative education, and adult basic education. Additional costs have also arisen from increases in OHIP and UIC premiums, as well as from added occupational health and safety requirements in the schools. Provincial grants have not always kept up with these costs, resulting in a gradually increasing strain upon the local tax base.

Property taxation undeniably constitutes the major revenue base from which school boards derive the finances for the local share of education cost.

Many submissions to the Commission argued for the propriety of this taxation base as the symbol of local responsibility, autonomy, and accountability.

Yet we are concerned about the increasing pressure exerted on this local revenue source. There seems to be a reluctance on the part of school boards, in response to the ratepayers' unwillingness to pay higher taxes for schools, to increase further the tax levy. Maintaining a balance between taxing options and ratepayers' acceptance presents a challenge to the elected officials of school boards. This challenge will become predominant in the local scene in the next few years.

During the months of research, debate, and deliberation, and bearing in mind the thoughtful suggestions of many who presented submissions, we studied the primary sources of revenue for the reshaping of the current funding system for education in Ontario. The main considerations are discussed in the following sections.

Property Taxation

The property tax has an ancient tradition dating from 500 B.C. when the Roman King, Servius Tullius, instituted the tax on land.³ It came down to us from the late eighteenth century in Upper Canada with the *Assessment Act* of 1793, and has remained the major source of tax revenue for local governments for years. The economic fluctuations of the 1960s and 1970s and the growing criticism of property tax resulted in a review of the property tax systems at the local government level. Several commissions reported on property tax, notably the 1967 Ontario Committee on Taxation (Smith) and the 1977 Commission on the Reform of Property Taxation in Ontario (Blair).

The views of Ontarians on this subject, as we have them from the public hearings and written briefs, were markedly varied. Critics of local property taxation argue that it is regressive, placing a disproportionately heavy tax burden on low-income citizens and that it is inequitable, failing to measure a taxpayer's ability to pay. Although property taxation is accepted as an appropriate means of raising revenues to finance direct local municipal services, the use of this tax base for financing education is often questioned.

Despite the continuing criticism, the property tax has survived over the years and has remained an important source of local revenue for municipal governments and school boards in Ontario. Its strengths are found in its own long tradition and durability, and in the stability residing in the permanence of real property. The regressive tendencies of the property tax are lessened to an extent in Ontario by various tax relief programs. Though still plagued by uneven and unfair assessment policies and practices, the property tax system has seen improvements in the administrative structure,

³ Taylor, Mark, "An Assessment of the Educational Property Tax", *Comment on Education*, April, 1985.

and the introduction of tax reforms, assessment reviews, and equalization factors.

There are strong reasons for retaining property tax. We believe that the taxing authority given to school boards should be respected, and that school boards should be held accountable for their expenditures subject to the discipline of the mill rate.

If, then, property taxation for education were to be continued, the inequities in the assessment policies and practices, which are extant in our present property taxation system, would need to be redressed by the government. This is a compelling priority which we urge be discharged forthwith.

Assessment Issues

The 1967 Ontario Committee on Taxation made particular reference to school board expenditures and the tax and revenue sources available to them. Of particular interest are the committee's comments about the need for improved assessment practices and the idea of sharing corporation taxes between public and separate school boards.

The takeover of assessment by the province in 1970 was an important move. The main thrusts were to assess real property at current market value; to broaden the tax base by removing exemptions; to achieve a more neutral business assessment rate; and to determine an appropriate distribution of tax burdens among classes of real property. In view of the government's intention to reform the property taxation system subsequent to this provincial takeover of assessment, the determination and publication of assessment equalization factors did not take place during the period 1970-79.

We have noted in the 1977 report of the Commission on the Reform of Property Taxation in Ontario, the commission's findings and recommendations on the 15 government "Proposals", particularly the implementation of market value assessment in Ontario. An examination of the appropriateness of the property tax itself as a means of financing local expenditures was included in the early part of the report. The conclusion is particularly interesting: "Based upon all of the foregoing, the Commission has come to the firm conclusion that the property tax is an appropriate means of defraying costs which remain under a measure of local control".⁴

In response to that commission's report and the public, the government presented a white paper in January 1978 on an "alternative system" for tax reform. This white paper also established a committee to review the alternative proposals in an effort to achieve consensus. The government announced subsequently that it would not proceed with province-wide market

⁴ *Report of the Commission on the Reform of Property Taxation in Ontario*, Toronto, March, 1977, p. 8.

value reassessment and the necessary tax reforms.⁵ However, recognizing the differences in assessment among the municipalities in Ontario, the government began to introduce improvements to the local government assessment and taxation systems. Reassessment programs under section 63 of the *Assessment Act* have been made available, with the aim of ultimately standardizing assessment bases throughout the province.

Assessment Equalization Factors

We highlighted above the recent efforts to reform the property tax in Ontario in our own recognition of the problems and difficulties associated with such reform. In fact, we believe that the problems of assessment have been noticeably compounded over the years. During the period 1970-79 when the assessment equalization factors were not published, wider disparities were created by outdated data. The Ministry of Education now uses the new Ministry of Revenue assessment equalization factors for education grants and apportionment with limitations, since the unrestrained use of these factors would cause significant disruptions for school boards and municipalities. We believe that such measures, namely the averaging of the new factors and the grant and apportionment protections, are at best temporary and need to be resolved promptly by the government.

The current method of apportioning school requirements among municipalities has created several inequitable situations. For example, residential properties with a taxable assessment of \$5,000 in one municipality paid \$811 in school taxes in 1984, while similar residential properties with the same taxable assessment of \$5,000 in a neighbouring municipality paid \$573 in school taxes, both in the same jurisdiction of a board of education. Similar problems of apportionment exist in other municipalities of the province. These inequities are caused by the use of the current assessment equalization factors, the calculation of which is influenced by the relationship of the rateable assessment among classes of assessment. This relationship varies greatly among municipalities depending upon the extent of the commercial and industrial assessment base.

We received proposals for a more equitable formula in which the Ministry of Education would calculate an equalization factor for each municipality. This factor would be a blend of the individual factors applicable to each class of residential assessment. These "residential" factors would exclude the factors on commercial and industrial assessments as well as those on farm land. A similar approach was recommended by the Advisory Committee on Financing Elementary and Secondary Education in its report to the Minister in February 1984. We support this approach and believe that the inequities in the apportionment of school board requirements among municipalities within the same school board jurisdiction would be resolved by it.

⁵ Treasurer Darcy McKeough made the announcement in June 1978, referring to the lack of consensus within the legislature, among the municipalities or among the school boards.

We recommend:

14. That the Ministry of Education, using data from the Ministry of Revenue, calculate and publish annually assessment equalization factors for education grant and apportionment, such factors to be based on a blend of the individual factors applicable to each class of residential and farm assessment;

and

15. That proper phase-in provisions and protections against undue shifts be incorporated into the implementation.

Reassessment Program

When the government decided not to proceed with market value assessment in 1978, it acknowledged the variations in the assessment system among the more than 800 municipalities in the province. A phase-in approach began in 1979, when the Ministry of Revenue offered a reassessment program under section 63 of the *Assessment Act*. This program is available to municipalities on a voluntary basis, and is intended to correct inequities within the property classes of a municipality, to prevent tax shifts from one property class to another, and to revise all property assessment on the basis of market value. We know that between 1979 and the time of writing, 449 of the 838 municipalities (53.6%), have opted for reassessment under this program. However, while this program corrects inequities within individual municipalities, it does not address the inequities that exist between one municipality and another within a county or region. We understand that a section 63 reassessment program on a regional basis is being considered for one jurisdiction.

We recommend:

16. That the government consider amending the current legislation to permit and subsequently to mandate reassessment programs under section 63 of the *Assessment Act* on a county or regional basis.

Assessment and Property Tax Exemptions

Although the Commission did not deal in detail with the matter of properties that are exempt from property tax, we did note the general types of exempt properties, such as those owned by churches, cemeteries, charitable and non-profit institutions, private schools, and all other tax exempt properties, such as railway right of ways, woods operations, and underground mining operations. The Government of Ontario should continue to review its overall policy on such exemptions with a view to promoting equity and uniformity in their disposition.

Payments in lieu of taxes for residential property owned by Ontario Housing Corporation, tenant-occupied residential and farm property owned by Ontario Hydro, and tenant-occupied property owned by the Government

of Canada are shared by the school boards and municipal governments. The Ministry of Education estimated that in 1982 the payments in lieu of education taxes totalled about \$120 million. Currently, some municipal governments are able to retain a large portion of such payments in lieu of education taxes and to use that portion to reduce the mill rate for municipal purposes, a practice that further creates inequities among municipalities. This practice also is not fair to school boards. We believe that such payments in lieu should be appropriately shared by school boards and equitably apportioned among the municipalities. Such sharing should be extended to include payments in lieu of taxes received from all agencies or crown corporations of the Government of Canada and of the Government of Ontario, including the Liquor Control Board of Ontario.

We recommend:

- 17. That the Government of Ontario require that payments in lieu of taxes be shared equitably among school boards and municipalities.**

Cottage Assessment and Taxation

In a number of briefs, cottage owners questioned the appropriateness of the current assessment and taxation policies applicable to cottage properties. They expressed concern that cottage owners pay property taxes both for their principal residences and for their cottage properties, which are used only seasonally and for recreational purposes. From another perspective, however, the definition of what may be called recreational property is a very difficult problem, particularly where properties in recreational locations are used year-round, are occupied on a rental or time-sharing basis, or are turned into permanent residences. There is a further question in treating properties owned by non-residents of Ontario. We agree, however, that there is merit in reviewing the current policies to seek an equitable and fair method of assessing and taxing these properties.

We recommend:

- 18. That the Government of Ontario review the appropriateness of redefining cottage and recreational properties as a separate category for property assessment and taxation, and that consideration be given to assigning differential mill rates on this category for education taxation.**

Commercial and Industrial Assessment

In 1985 an estimated \$1.5 billion is being raised from the commercial and industrial assessment base, representing 22% of a total school board expenditure of \$6.8 billion. The debate on the use of this revenue source has generated strong emotion and diverse opinion.

We are aware of the philosophical and technical complexities of this debate, and of the financial and political ramifications which underlie all dis-

cussion. Indeed, we frequently confronted impassioned arguments both for and against the concept of pooling, such arguments being supported, on each side, by valid reasoning. Nevertheless, these differences should be resolved and a satisfactory solution found to what is a key variable in the total scheme of financing education in Ontario.

The revenues from commercial and industrial assessment contribute largely to the unevenness of school board wealth because businesses and industries are located unevenly across the province. The concept of sharing these revenues equitably among all school boards has been expounded in previous studies, including two major reports. The 1967 Ontario Committee on Taxation proposed that taxes from corporations be divided between public and separate school boards according to enrolments. In the 1978 Final Report of the Commission on Declining School Enrolments in Ontario, Dr. Jackson recommended that:

All industrial and commercial properties be assessed and taxed for school purposes directly by the province, and be exempted from school-related municipal taxation; there be one school-related industrial-commercial rate for the province, the proceeds of this tax be applied solely to the support of elementary (separate and public) and secondary education in the province as part of the equalization formula applicable to general legislative grants.⁶

Former Minister of Education, the Honourable Bette Stephenson, M.D., in an address to the chief executive officers of school boards in January 1981 acknowledged the need for more equitable sharing:

The employees of a major industry aren't drawn just from the municipality in which the business is located. The cost of educating those employees or their children isn't borne just by the school board in that municipality. And business and industry derive a significant part of their revenues from people in other municipalities. Perhaps then the revenue from that assessment should be pooled, in order to limit these spill-overs of tax incidence and benefit, and shared by all school boards in proportion to need.

A funding model was developed subsequently by the Ministry of Education for discussion with various interested groups, which we have reviewed. We have also considered the report of the Advisory Committee on Financing Elementary and Secondary Education, including the minority report, which was made to the Minister of Education on February 6, 1984.

From the outset, we have stressed the importance of equality of educational opportunity in Ontario's education system, and hence, the equalization of financial resources. Having looked at the distribution of wealth among school boards, in terms of taxation revenues from commercial and industrial assessment, we have become acutely aware of wide disparities.

Estimated figures for 1985 from the Ministry of Education show that the highest commercial and industrial equalized assessment per elementary pupil amount was \$371,778, compared to the lowest amount of \$2,880.

⁶ The Commission on Declining School Enrolments in Ontario, *Final Report*, October 31, 1978, recommendation no. 100, p. 314.

Significantly, Roman Catholic separate school boards have the least wealth per pupil in this regard, averaging provincially \$13,663 per pupil, compared with \$103,354 per pupil in the elementary panels of boards of education. We recognize that the elementary panels of several boards of education also have low commercial and industrial equalized assessment per pupil; for example, Central Algoma has \$13,911; East Parry Sound, \$19,902; Manitoulin, \$25,976; Bruce County, \$26,090; Dufferin County, \$29,340; West Parry Sound, \$29,672; Hornepayne, \$33,260; and Carleton, \$36,095.

The issue of distribution of the commercial and industrial assessment is not simply the sharing between the public and separate school systems; rather, it is a sharing between the assessment-rich boards and the assessment-poor boards. The current limitations on separate school boards to requisition taxes on commercial and industrial assessment constitute a major cause of these disparities, apart from the geographic locations of the businesses and industries.

Fairness is the key consideration. We sense that there is a sincere desire to provide a fair share of the available resources to each pupil, irrespective of location of residence. Opponents to redistribution do not question the premise of fairness; rather, they oppose the idea from several understandable perspectives. They are concerned about those boards which will stand to lose substantial local revenues if their assessment base is reduced. They are concerned about the technical aspects of alternative approaches. And they are concerned about the risk of direct or indirect provincial levy on this assessment base without the guarantee that the revenues in total will come back to the education system. We acknowledge these potential problems, difficulties, and concerns but feel that they should not obscure the basic goal of fairness.

In upholding the principle of equitable sharing of this taxation base, we offer the following for consideration.

1) Under subsection 126(1) of the *Education Act*, a corporation may "require the whole or any part of the land . . . and the whole or any proportion of the business assessment or other assessments of the corporation made under the *Assessment Act*, to be entered, rated and assessed for the purposes of the separate school".

Subsection 126(5) stipulates, however, that: "Unless all the stocks or shares are held by Roman Catholics, the share or portion of such land and business or other assessments to be so rated and assessed shall not bear a greater proportion to the whole of such assessments than the amount of the stock or shares so held bears to the whole amount of the stock or shares".

In large corporations, it has proven to be virtually impossible to determine the religious affiliation of the holders of such stocks or shares. Hence, the scope for the designation of assessment in support of Roman Catholic separate school boards has been greatly curtailed, and such undesignated assessments of the corporation are entered and assigned to public school purposes.

This anomaly can be solved by amending subsection 126(5) of the *Education Act* to the effect that any assessments not designated for public or separate school purposes be distributed to support public schools or separate schools based on either the pupil enrolments of each system, or the total population of each system, or the proportion of the residential and farm assessment of the boards. Such an amendment would lead to an equitable regional sharing of the commercial and industrial assessment between the school systems in what would be clearly defined geographical boundaries.

We recommend:

- 19. That subsection 126(5) of the *Education Act* be amended to require corporation assessment in a municipality not designated specifically for public school or separate school purposes be assessed for public school or separate school purposes in the same proportion as the residential and farm assessments of the respective boards bear to each other.**

2) Corporations may direct their property and business taxes to the separate schools according to the stocks or shares held by Roman Catholics, but business partnerships cannot. Under the current provisions dealing with partnerships, partnership taxes may be directed to the separate school system only if all the partners are Roman Catholics. Where even one of the partners is a non-Catholic, however, all the taxes automatically go to the support of public schools.

Partnership taxes should be equitably apportioned to support the public schools or the separate schools according to the proportion of Roman Catholic partners who wish to support the separate schools and the other partners in the partnership. The ratio of the holdings of the individual partners in a partnership can be easily determined, particularly where partnership agreements exist and spell out the degree of their involvement.

In order that partnership taxes be thus apportioned, an amendment to section 126 of the *Education Act* is appropriate. Partnerships would then be included, along the same lines as the existing provisions for corporations, under subsections 126(1) and 126(5) of the *Education Act*.

We recommend:

- 20. That section 126 of the *Education Act* be amended to allow partnerships to direct a portion of their assessment for separate school purposes where one or more of the partners in a partnership is Roman Catholic.**

3) Commercial and industrial assessment should be used exclusively to finance approved expenditures. The province could determine and publish each year mill rates on commercial and industrial assessment which would represent a local share in the calculation of general legislative grants. The commercial and industrial mill rate for each individual school board would include, where applicable, an additional portion equal to any specific levy on residential and farm assessment that is raised by the board to finance its

unapproved expenditure. In applying the total revenues from commercial and industrial assessment to calculate general legislative grants on approved expenditures, equalization of this revenue source on a province-wide basis would, in fact, be achieved.

We recommend:

- 21. That the province determine each year commercial and industrial assessment mill rates which will yield the total local revenues accruing from the current levies on such assessment, and that such local revenues be used to calculate general legislative grants payable to school boards up to the approved level of expenditures, and that such mill rates be adjusted annually.**

4) We believe that the foregoing recommendations would achieve greater equity. We are, however, aware of the potential shifts and caution that a phase-in approach should be included in any implementation strategy. In particular, since the actual mill rates levied by different school boards in fact represent the total requirements of the boards, including unapproved expenditures, the mill rates to be determined by the province will need to take into account the actual incidences in existence in individual jurisdictions.

We recommend:

- 22. That the province employ a phase-in strategy to guard against undue shifts in the local tax burdens.**

Retaining Property Taxation

Regardless of inequities to be redressed, as they have been discussed in the preceding sections, there are advantages in retaining property taxation as a portion of the total funds to finance education. Property tax is highly visible and is subject to a kind of discipline imposed by the mill rate. For instance, if the financing of unapproved expenditures is to be a charge solely on residential and farm property, then local autonomy for decisions on those expenditures is appropriate, and the quality of education that obtains locally is governed by local willingness to raise the required funds.

Property taxation has the advantage of incumbency, allowing expeditious tax calculation and collection. It also has a history and widespread usage in North America that would tend to preclude vacating it as a tax field, which, in turn, would create a tax vacuum into which some other revenue-raising body might rush. The regressive qualities of property tax can be alleviated by tax subsidies or by basic exemptions. Furthermore, property tax is stable and less subject to economic fluctuations than other kinds of taxes.

If assessment practices are modernized and made more equitable, as we have suggested they be, the major advantage of property taxation is in the very direct connection between education and the local community. School boards are elected entities, expressing the values and goals of local

communities. This strong support for maintenance or enhancement of local financial responsibility and accountability should be reinforced. It was emphasized to us that the authority to levy property taxes for education purposes by school boards should be left intact. Proponents are fearful that lifting the education levies from property taxation and replacing the foregone revenues with other tax revenues would transfer an inherent and major fiscal responsibility to a senior level of government. To school boards, a senior government may be less approachable, more removed from the local scene, and thus not able to understand or respond to unique local needs. Therefore, in examining the funding options that follow, we hold the view that property taxation should be retained as a valid and viable means of raising local revenue to support education.

Education Tax on Personal Income

The principle of fairness and the wish to overcome present inequities in the property tax system led us to many a lively debate on alternative methods of obtaining revenue for education. In one alternative that we pondered, we sought to replace the residential property tax with a tax that would ensure equal sharing of the burden of funding according to ability to pay. Such an alternative tax, we thought, could take the form of a special charge on an individual's personal income.

The main arguments in favour of raising funds for education from a tax on personal income relate to the principle of fairness. Such a tax is perceived to be more equitable than one on property; because every individual benefits from the excellence of Ontario's educational system, everyone would pay in accordance with the increase or decrease in his or her command over goods and services during the year.

The special charge on personal income would make individual contributions to education more visible than at present. One household might contribute several times over through its number of wage-earners rather than its assessment as the property of one individual. An income tax could be collected through regular payroll deductions, and it represents a broader tax base while enhancing universality. It would also alleviate current problems of property assessment.

The potential for income redistribution based upon a shift to a more equitable sharing of the tax burden is significant. It would also soften the impact of the property tax upon families at a stage when a high proportion of their disposable income goes into housing. For these reasons, we debated at length the potential for replacing the property tax with a personal income tax in funding education.

Options for Funding Education

We discussed, in the preceding sections, Ontario's system of finance and provincial grants for education, local revenues from property taxation, and the potential for an education tax on personal income. We also reviewed

other sources of revenue that could be directed to fund education, such as payroll tax, sales tax, user fees and lotteries, and do not consider them appropriate.

In considering the options for funding education, we are guided by the ideal of equal educational opportunity, particularly the concept of a universally accessible education system without the payment of direct fees for all qualified residents. The task, then, is to find the most appropriate balance between the province and local school boards, and ultimately, of course, the most equitable distribution of the financial burden among the taxpayers in Ontario.

Provincialization is one of several options. Total funding by the province would present the greatest scope for equalizing educational opportunity and would lend itself to a program-funding approach. Various forms of provincialization are in effect in other provinces. However, we do not see full provincial funding as a viable option for Ontario in the immediate future, given the administrative and political realities in the province today. Neither do we consider a total transfer of the funding responsibility to the local school boards to be suitable at this time.

In our attempt to find a proper balance of the major revenue sources to support education, we have reviewed the current funding arrangement. From the 1985 estimated figures, shown in Chart 5.1, the bulk of the education costs of \$6.8 billion is met by provincial grants of \$3.1 billion (46%), residential and farm property taxes of \$2.2 billion (32%), and commercial and industrial property taxes of \$1.5 billion (22%). This represents a provincial/local split of 46/54 per cent.

We considered three options for funding which are discussed in the following paragraphs and highlighted in Chart 5.2.

Option A: Funding based on provincial grants and property taxes from commercial and industrial assessment

The provincial share would be increased to an amount of up to 80 per cent of the cost, and the balance of 20 per cent would come from property taxes from commercial and industrial assessment, effectively eliminating reliance on the residential and farm assessment.

This funding method offers potential for minimizing the use of the residential and farm assessment to raise revenues for education purposes. Such a reduction of the education levy on residential and farm assessment would contribute significantly toward minimizing the effects of unfair and unjust assessment policies and practices associated with property taxation. Furthermore, insofar as the province has a broader taxation and revenue base than school boards do to raise money, it could fulfil its commitment to provide a larger portion (80%) of the education cost. The funds would come from the Consolidated Revenue Fund in the form of general revenues and taxation revenues from such items as personal income and retail sales.

We subscribe to the retention of the commercial and industrial property tax to support education. The province could determine annually the mill

rates on the commercial and industrial assessment to raise the appropriate level of local revenue. This revenue would be used first to finance the approved expenditures of school boards. Any unapproved expenditures in excess of newly determined levels would become a charge solely on the residential and farm assessment.

There is a need to ensure that the additional provincial contributions be used to replace the residential and farm property taxes and not to accelerate education expenditure. There may be a temptation for school boards or municipal governments to take advantage of a vacated tax base and to continue to levy familiar taxes for some new purpose upon the uninformed ratepayers. Measures would also need to be taken to ensure that the savings in residential and farm property taxes be returned to the tenants and homeowners. The matter of non-resident property owners would need to be addressed so that their ongoing contributions toward education costs would continue.

Option B: Funding based on provincial grants, property taxes from commercial and industrial assessment, and revenues from an education tax on personal income

Education in Ontario would be financed through three major sources: provincial grants from the Consolidated Revenue Fund (46%); property taxes from commercial and industrial assessment (22%); and an education tax on personal income (32%), the latter effectively replacing the existing residential and farm property taxes.

From the latest available data in Ontario finance, personal income is estimated at \$153.5 billion for 1985-86.⁷ In order to replace the current \$2.2 billion residential and farm property taxes, the charge on the \$153.5 billion personal income would be approximately 1.4 per cent. This tax rate could be applied uniformly to all levels of incomes or be graduated from 1 per cent to 2 per cent according to successively higher income levels. Of course, these rates would need to be adjusted or corrected annually to reflect fluctuating income and expenditure totals year to year.

The arguments for this option, specifically the designated education income tax that replaces the residential and farm property tax, are highlighted in the section on Education Tax on Personal Income. This option shares the concerns described in Option A, such as the funding of unapproved expenditures, the need to return the savings to tenants, the need to protect the vacated residential tax base, and the matter of non-resident property owners.

Option C: Funding based on provincial grants, and property taxes from both residential and farm assessment and commercial and industrial assessment

Provincial grants from the Consolidated Revenue Fund would be increased from 46 per cent to 60 per cent, property taxes from commercial and industrial assessment would be maintained at 22 per cent and property

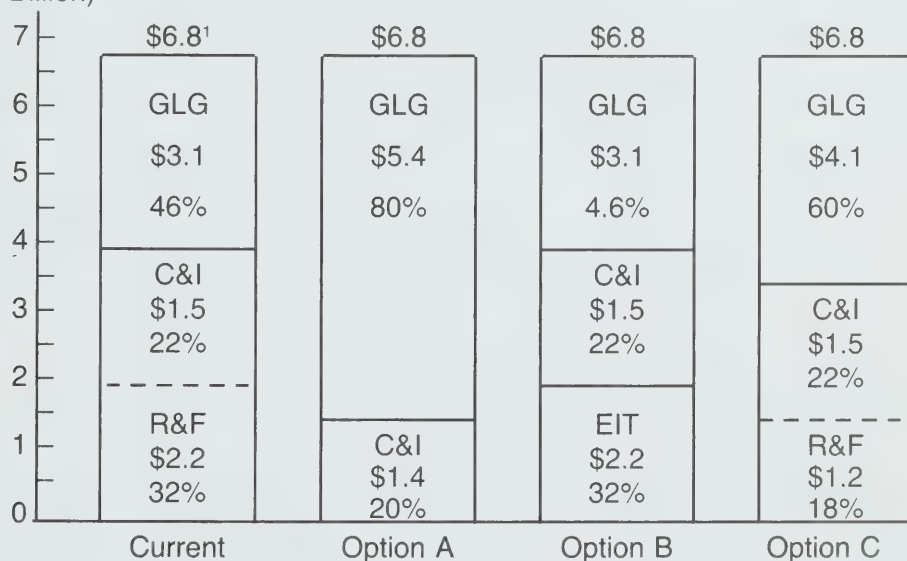
⁷ 1985 Ontario Budget, Table C8

taxes from residential and farm assessment would be reduced from 32 per cent to 18 per cent.

The residential and farm ratepayers would benefit from a reduction in their property tax burden. The total residential and farm property taxes would fall from the 1985 level of \$2.2 billion (32% of total costs) to \$1.2 billion (18% of total costs). Those taxes would be replaced by additional provincial grants of \$1 billion, to be added to the 1985 allocation of \$3.1 billion, bringing the total provincial grants to \$4.1 billion or 60 per cent of the total cost of \$6.8 billion.

This method of funding reflects a belief that the residential and farm ratepayers should continue to bear a fair responsibility for the funding of education in Ontario. At the same time, the taxation burden on these ratepayers ought to be lessened to the extent that the province could provide additional revenues from the Consolidated Revenue Fund to replace the reduction in residential property taxes. Again, this option is qualified by the concerns expressed in Option A.

Chart 5.2 Options for Education Funding in Ontario, 1985
(\$ Billion)



Note: GLG is General Legislative Grants; C&I is commercial and industrial property tax; R&F is residential and farm property tax; EIT is education income tax.

¹Estimated 1985 total school board expenditures, including expenditures approved for grant purposes (\$5.8 b) and unapproved expenditures (\$1.0 b)

* * *

We have searched for a proper blend of revenues to support education, and a fair and equitable distribution of the financial burden among the residents of Ontario. We have reviewed the traditional sources of revenues: general legislative grants from the Consolidated Revenue Fund, and local

revenues from property taxation. We have presented a potential additional source: an education tax on personal income.

Our conclusion is that the task of specifying any pre-determined percentages for the sharing of education costs between the province and school boards, or among the major classifications of revenues, is an onerous one. For example, it would be difficult to ask the province to contribute 60 per cent or any percentage toward an open-ended level of school board expenditure.

There is merit in expressing the provincial rate of support as a percentage of *approved* costs. The Government of Ontario can determine the level of school board expenditure that is approved for grant purposes. In 1985, of the estimated total expenditure of \$6.8 billion, approximately \$5.8 billion is approved expenditure for grant purposes. The province could re-express its rate of support by applying the general legislative grants to the approved expenditure total. Thus, the rate, based on \$3.1 billion in grants divided by \$5.8 billion approved expenditure, would be 53.5 per cent.

It would be appropriate and meaningful for the province to express its support by a rate based on approved expenditure level over which it may exercise control. By establishing such an approved level, the Government of Ontario could plan and express its own funding commitment. It is in this context that we recommend a higher rate of provincial support, such as a coordinated move toward 60 per cent of approved costs in the near future. We urge that the additional provincial contribution be used to improve the grant ceilings, which we discuss in Chapter 6 and in Recommendations 25 and 26.

We recommend:

23. That the Government of Ontario affirm its financial commitment toward the funding of education and that it move toward contributing 60 per cent of the approved costs.

Proposal for Provincial Education Tax Equalization Through Education Property Tax Credit and Education Income Tax

In our consideration of the foregoing options for achieving a proper balance of the various revenue sources for funding education, our primary goal is to minimize the shortcomings of property taxation and the adverse effects of such taxation on the residential ratepayers.

The idea of replacing residential property taxation with a tax on personal income is appealing, but there are real and potential pitfalls associated with abandoning property taxation either totally or substantially. We are concerned about the creation of a tax vacuum; the diminishing of local authority and control; the uncertainty of the ways and means to return property tax savings to tenants; the loss of contributions by non-resident property owners; and the question of real and yet undetermined shifts in tax burden from property ownership to the general wage and income earners.

When the above concerns are considered, none of the three options

is fully satisfactory. We have searched, instead, for an alternative that would accomplish the desired result of shifting the burden from residential and farm property taxation to a tax on personal income, without disrupting the traditions and accepted practices in place today. Therefore, the following proposal is built upon the existing funding structure, with new features designed to equalize the burden of education tax by incorporating a tax on personal income and property tax credits.

Under this proposal the funding of education in Ontario would continue according to the current structure: provincial grants, 46 per cent; property taxes from commercial and industrial assessment, 22 per cent; property taxes from residential and farm assessment, 32 per cent. School boards would continue to derive their revenues from these sources. They would retain their local autonomy and taxing authority with the condition, however, that the financing of unapproved expenditures be charged to the residential and farm assessment only.

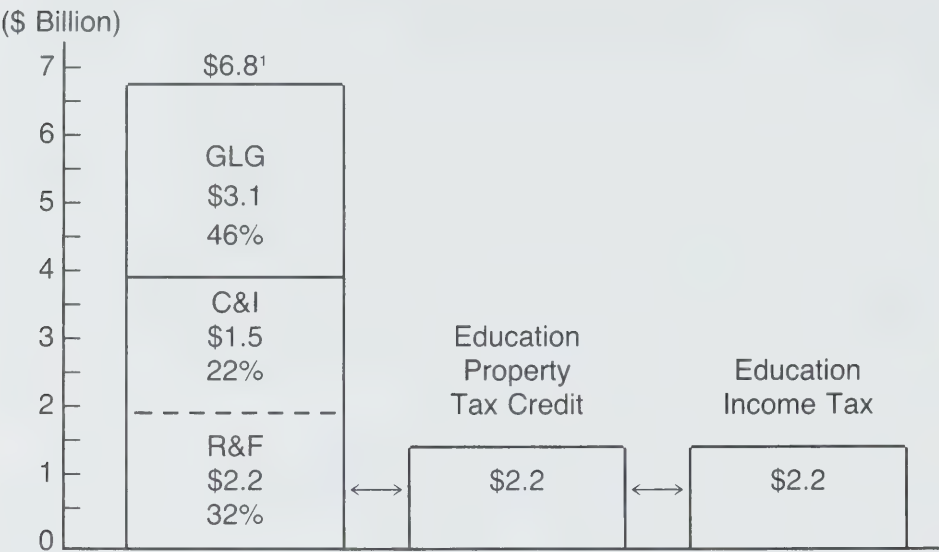
We seek here to alleviate the burden of residential and farm property taxation on homeowners and tenants in Ontario and to overcome the shortcomings and adverse influences of property taxation. A tax on personal income is more universal and equitable than property taxation. While we endorse the continuation of direct residential and farm property taxation, we believe that the incidence of this tax should be shifted to personal income.

Therefore, residential and farm ratepayers would be eligible to claim a property tax credit from the province equal to an approved portion of the education property taxes paid to the local school boards. This rebate could be incorporated into the annual personal income tax as a part of Ontario's calculation. The existing Ontario Property Tax Credit Program for the municipal portion could be continued for Ontario residents with low incomes. It seems appropriate and administratively feasible to incorporate a separate provision whereby residential ratepayers could claim a full or a partial credit on the education property taxes paid during the taxation year.

Only portions of property taxes related to approved education expenditures would be eligible for credit; taxes arising from education levies on unapproved expenditures would be excluded from this program. In filing claims for the education property tax credit in the annual income tax returns, taxpayers would submit evidence of such property tax payments in the form of municipal tax receipts identifying the approvable education taxes paid. The province could determine and specify the "approvable" items and limit such to include only taxes on recognized expenditures.

To finance the proposed education property tax credit program, the Government of Ontario would institute a designated education tax on personal income. The tax would depend upon the magnitude of the education residential property tax credit and the classification of personal income to be selected. For instance, a total credit program (\$2.2 billion) would require a tax rate of 1.4 per cent on the personal income of \$153.5 billion. The tax rate would be different if net income or taxable income were selected; it would also change if a partial credit, instead of a total credit, were adopted. An illustration of this proposal, using 1985 estimates, is shown in Chart 5.3.

Chart 5.3 Proposal for Provincial Education Tax Equalization Through Education Property Tax Credit and Education Income Tax



Notes: GLG is General Legislative Grants; C&I is Commercial and Industrial Property Tax; R&F is Residential and Farm Property Tax.
Education Property Tax Credit of \$2.2 billion described in this proposal represents a full tax credit equalling the total Residential and Farm Property Tax.
Education Income Tax of \$2.2 billion is based on 1.4% of Ontario personal income of \$153.5 billion.

¹Estimated 1985 total school board expenditures, including expenditures approved for grant purposes (\$5.8 b) and unapproved expenditures (\$1.0 b)

Table 5.2 Provincial Impact

(a) Full Education Property Tax Credit (1985 residential property taxes for education purposes: \$2.2 billion)	
	\$ 2.2 billion
Personal Income: \$153.5 billion	
Tax rate required: 1.4%	
(1.4% × \$153.5 billion)	
	2.2 billion
Net requirement	NIL
(b) Partial Education Property Tax Credit	
Say 50% × \$2.2 billion	\$ 1.1 billion
Tax rate required: 0.7%	
(0.7% × \$153.5 billion)	
	1.1 billion
Net requirement	NIL

Note: Tax rate required will vary if "net income" or "taxable income" are selected.

We emphasize that the direct sources of revenue for financing education not be altered but that the education tax burden on the residential and farm property owners be ultimately offset and transferred to a broader, more universal, and more equitable tax base, namely the personal income tax. Ontario's present property tax credit program could be extended by incorporating an education income tax in the annual income tax returns for Ontarians. All residential ratepayers would continue to contribute property taxes to the local school boards to finance education. Non-resident owners of residential properties who currently pay property taxes would qualify for the education property tax credit only if they file personal income tax returns.

The hypothetical examples in Table 5.2 and Table 5.3 illustrate the effects of this proposal on a province-wide basis and on the individual taxpayer.

In households with several income earners, the combined contributions through taxes on personal income, under this proposal, could exceed the amount of the existing single payment of the portion of property tax for education. As well, ratepayers who own multiple properties from which they do not receive rental income could receive property tax credits totalling

Table 5.3 Individual Taxpayer

Hypothetical Property Tax Bill			
Municipal	Education		Total
	Approved Expend.	Unapproved Expend.	
\$1,000	\$900	\$100	\$2,000

(a) Personal Income	\$80,000
Education Income Tax (1.4%)	\$1,120
Education Property Tax Credit (approved expenditure only)	900
Net Tax	<u>\$+ 220</u>
(b) Personal Income	\$40,000
Education Income Tax (1.4%)	\$ 560
Education Property Tax Credit (approved expenditure only)	900
Net Tax	<u>\$- 340</u>
(c) Personal Income	\$15,000
Education Income Tax (1.4%)	\$ 210
Education Property Tax Credit (approved expenditure only)	900
Net Tax	<u>\$- 690</u>

more than the education tax on their incomes. We think, however, that this is consistent with our belief that the financing of education should be more equitably based on an individual's ability to pay as measured by his or her personal income. Taxable income seems to be the most appropriate measurement upon which the education tax and the tax rate could be based.

This proposal reflects the situation as it would appear in 1985, based on the estimates for 1985. The projections for future years would be different and would depend on the levels of school board expenditure, provincial grant, personal income, and property tax. For instance, Recommendation 23 in the preceding section, that the province increase its contribution toward 60 per cent of approved costs, would affect the determination of the education tax credit program.

The administrative requirements would be considerable. There would be need to design the format for the calculation of the Ontario education property tax credit in the annual individual income tax return; to adapt the municipal property tax bill to reflect education taxes, approved and unapproved, for credit; and to ensure that tenants who pay property taxes indirectly through rents are able to claim the tax credit.

The implementation of this proposal would need to involve several government ministries having responsibility for fiscal planning, economic and taxation policies, as well as for property assessment and taxation policies, and for municipal operations and affairs. We realize that while it addresses concerns about education funding, it falls within the government's overall policy for taxation and income distribution for the residents of Ontario. We believe that the government should pursue this proposal, which seeks the most appropriate approach to the funding of education in Ontario.

We recommend:

- 24. That the Government of Ontario introduce an education property tax credit program for residential and farm ratepayers and that the program be financed by an education tax on personal income.**

In summary, we conclude that the government has a broader and more universal revenue base than school boards have for raising funds to support education. Thus, we recommend that the province raise its contribution by moving toward 60 per cent of approved costs.

We continue to hold the view that property taxation is a valid and viable means of raising part of the revenue for education. We have concerns, however, about the inequities and problems associated with the present system of property assessment and taxation and recommend solutions to overcome these difficulties. These include revision of the calculation of the assessment equalization factors, reassessment on a regional basis, and the sharing of commercial and industrial assessment.

We discussed three options for funding education, including various combinations of provincial grants, local property taxes, and a potential new

source, an education income tax. Not totally satisfied with any of the options, we have put forward a proposal to shift the burden of education property taxation to a new education income tax. While the administrative requirements of the new education property tax credit and education income tax proposal would be considerable, we urge the government to pursue the proposal with rigour.

6. SHARING THE FINANCIAL RESOURCES

This chapter examines the distribution of Ontario's financial resources to school boards. Current distribution mechanisms are reviewed and discussed, together with recommendations.

General Legislative Grants

The variable percentage grant plan, introduced in 1969, incorporated the concept of block grants whereby funds were allocated to local school boards which, in turn, were responsible for determining how they were spent. The plan addressed equality of educational opportunity through the provision of equalization grants. Equalization was achieved by relating each board's financial burden directly to its expenditures and by having an identical mill rate for a comparable level of recognized expenditure irrespective of local wealth.

The current mill rate equalization plan, introduced in 1978, upholds the basic principles of equality of educational opportunity and equalization of financial resources. It supports the idea of equal yield for equal effort, meaning that all school boards have the same mill rate on their equalized property assessment for the same level of recognized ordinary expenditure per pupil. Thus, whatever the level of local wealth, all boards experience a similar local tax effort for a comparable level of approved expenditure, and have the same revenues through a combination of local property tax revenues and provincial grants.

The plan has been successful in equalizing the incidence of local burden up to the ceiling or "approved" levels of expenditure. However, for school boards that incur expenditures beyond those levels, the financing of such expenditures becomes the responsibility of the local school boards. It is at this level that the concept of equalization fails because the local wealth of school boards, measured by their equalized assessment per pupil, varies widely. The levying of one equalized mill by an assessment-rich board generates a level of tax revenues per pupil several times greater than that generated by an assessment-poor board levying the same equalized mill. In

the financing of unapproved expenditures, the shortfall in local revenues for assessment-poor boards is not offset by provincial grants.

In our review of the funding approach and grant formula it was necessary, therefore, to distinguish two levels of expenditure: those that fall within the grant ceilings, and those that go beyond them.

Ordinary Expenditure Ceilings

Ordinary expenditure ceilings, generally referred to as grant ceilings, are the maximum ordinary expenditures per pupil recognized by the province for payment of grants.

The grant ceilings are designed to reflect the average operating cost of providing a range of basic programs and services, based on such cost components as instructional salaries (72%), other salaries (10%), supplies (15%) and energy (3%). These ceilings are reviewed and adjusted annually by the Ministry of Education, which takes into consideration the annual cost increases in these components. In addition, the ceilings are increased, by the use of weighting factors, to reflect and recognize certain additional costs incurred by individual school boards due to, for example, population sparsity, board and school size, remoteness and distance, dual language instruction, technical programs, and compensatory education requirements.

The grant ceilings, in place since 1970, have been increased substantially. In 1970 the amount per elementary school pupil was \$500; in 1985, \$2,396, which represents an increase of \$1,896 or 379.2 per cent. In 1970 the amount per secondary school pupil was \$1,000; in 1985, \$3,275, an increase of \$2,275 or 227.5 per cent. During the same period the consumer price index increased by approximately 210 per cent. Table 6.1 shows the ceiling amounts for the period 1970-85.

Many briefs and presentations to the Commission discussed the efficacy of the grant ceilings as a key variable in determining the level of recognized expenditure and, hence, the provincial grants payable to school boards. Adequacy is a central concern to school board trustees, officials, teachers, and, indeed, to this Commission. Present ceilings seem inadequate because most school boards now spend in excess of their weighted ceilings. From Ministry of Education data,¹ based on 1984 actuals: 61 of the 71 public elementary panels (86%); 23 of the 50 separate school boards (46%); and 67 of the 71 secondary panels (94%) made expenditures over their ceilings.

We have reviewed the possible causes for these over-ceiling expenditures. The most common perspective is that the over-ceiling expenditures have occurred simply because the ceilings themselves are too low. It can be argued, however, that they have occurred because school board expenditures have accelerated over the years at a rate faster than and independent of the increases made to the ceilings.

Provincial grant ceilings should be maintained at a realistic level, at

¹ Ministry of Education, Ontario, September 1985.

least to keep pace with the annual increases in the cost of goods and services. However, since school boards may set budgets independent of provincial expenditure control, which reflect local priorities and needs and willingness to pay, it is not logical to expect the province to establish ceilings according to these locally-determined expenditure patterns. Indeed, if the ceilings were to be directly tied to actual school board expenditure, the province would find it necessary to validate and approve local budgets. Such direct ties could lead to Government of Ontario influence over the negotiation of employee salaries and benefits, which constitute more than 80 per cent of the ceiling amounts.

Nevertheless, we understand the implications of over-ceiling expenditures. The range of over-ceiling expenditures is such that it would be difficult to determine a level which could be perceived to be truly equitable or adequate. For example, in 1984 the highest elementary expenditure per pupil was about \$1,000 over the ceiling; the highest secondary expenditure per pupil was about \$1,200 over the ceiling. If the 1984 provincial ceilings were increased by \$200 per pupil, the number of school boards and panels in excess of the "new" ceilings would change to 19 or 27 per cent of public elementary panels (down from 61 or 86%); 1 or 2 per cent of separate school boards (down from 23 or 46%); and 50 or 70 per cent of secondary panels (down from 67 or 94%).

Additional provincial grants should accompany any upward adjustments to the ceilings. If the ceilings are raised without an infusion of additional general legislative grants, the resulting and necessary adjustment to the

**Table 6.1 Per Pupil Grant Ceiling
Ontario, 1970-85**

Year	<i>Elementary</i>		<i>Secondary</i>	
	Per Pupil (\$)	Increase Over Previous Year (%)	Per Pupil (\$)	Increase Over Previous Year (%)
1970	500	—	1,000	—
1971	545	9.00	1,060	6.00
1972	595	9.17	1,100	3.77
1973	630	5.88	1,130	2.73
1974	704	11.75	1,231	8.94
1975	926	31.53	1,441	17.06
1976	1,080	16.63	1,556	7.98
1977	1,197	10.83	1,712	10.02
1978	1,299	8.53	1,841	7.54
1979	1,409	8.47	1,983	7.71
1980	1,546	9.72	2,154	8.64
1981	1,730	11.90	2,403	11.56
1982	1,972	13.99	2,718	13.11
1983	2,171	10.09	2,978	9.57
1984	2,297	5.80	3,140	5.44
1985	2,396	4.31	3,275	4.30

base mill rates for ordinary expenditure would cause significant shifts within the current total grant allocation. School boards that had been operating within the ceilings might not necessarily benefit from the higher ceilings and could be burdened with a higher local share if the base mill rates were increased.

Limited information is available to the public on the purpose of the ceilings, and on the rationale, justification, and calculation of the components. We received on several occasions the suggestion that the Ministry of Education provide information on how the ceiling amounts are calculated and how they are designed to cover the range of programs and services for each pupil.

The ceilings could be related more closely to the types of programs and services delivered, the grade levels involved, and their associated costs. The idea of differentiated ceilings based on curriculum divisions and levels of difficulty is worth pursuing, with full consultation by all parties concerned. The current grant calculation based on pupil units could be preserved and modified with the addition of differing dollar values to reflect, for example, kindergarten, primary and junior, intermediate and senior divisions. Indeed, such a refinement could be improved further with program review and funding which would supplement or replace some of the existing weighting factors.

We recommend:

25. That the Ministry of Education increase the per-pupil grant ceilings to more realistic levels, with additional general legislative grants;

and

26. That the ministry employ accurate costing techniques, articulate the ceiling components clearly, and study the appropriateness of introducing differentiated ceilings based on curriculum divisions, levels of difficulty and program delivered.

Expenditures Not Recognized for Grant Purposes

In the preceding section of this chapter, we noted the problems of over-ceiling expenditures. These unrecognized expenditures are not eligible for provincial grants and become the financial responsibility of school boards.

We understand that school boards spend over the ceiling in order to meet local needs and demands. Local decisions on employee salaries and benefits, pupil-teacher ratios, class sizes, and special programs in response to community needs, often cause the operating and capital expenditures of the boards to go beyond the level that is eligible for provincial grants.

The uneven distribution of local property assessment among school boards has created variations in local wealth and hence the ability to pay. Boards with substantial local tax revenues may find it expedient to meet most of the needs and demands for programs and services imposed upon the system. They may initiate new and innovative programs and services because they have the tax revenues at their disposal.

Boards with limited local tax revenues, on the other hand, may have difficulty in meeting the needs and demands, let alone initiating new ones. Less affluent boards are frustrated in trying to match the level of programs and services, including contractual agreements, set by the assessment-rich boards. Yet because of the initiatives taken by a few assessment-rich boards, there are higher expectations across the province.

The expenditure ceilings and the associated penalties in force until 1976 were largely ineffective and were in direct conflict with local authority and taxation. Insofar as school boards should continue to have the authority to spend beyond the recognized ceiling and to finance such expenditures through local tax revenues, it is essential that the current disparities in the financial capacity of school boards be reduced. This does not denigrate the efforts made by those jurisdictions which, through their own initiative and local financial contributions, have provided many worthwhile lighthouse programs and services for education in Ontario. Rather, it points to the need for equitable revenues for school boards across the province.

We have considered the appropriateness of directing the financing of unapproved expenditures to a more balanced and equitable revenue source. Tax revenues from residential and farm assessment are more uniformly distributed among school boards than those from the commercial and industrial classes. Although differences in the distribution of residential and farm assessment would still exist, the disparity would be less acute. Ratepayers in business and industry do not elect trustees and do not seem to have direct involvement in the programming and budgetary decisions of the boards. Meanwhile, if residential and farm assessment only were used to finance amounts over the ceiling, those residential ratepayers would probably take a more active interest in board activities than at present. We believe, therefore, that the financing of unapproved expenditures should be charged to residential and farm assessment only, and that such budgetary decisions should be subject to majority trustee approval based on a recorded vote of the trustees of the board who are eligible to vote on such matters.

We recommend:

- 27. That the financing of school board expenditures in excess of approved levels be charged to the residential and farm assessment only, and be subject to majority trustee approval based on a recorded vote of the trustees of the board who are eligible to vote on such matters.**

Distribution of Grants

Ontario's plan for distributing grants to school boards should be easy to understand and simple to administer. We gave careful consideration to the comments contained in the briefs and presentations about the current Ministry of Education formula for distributing general legislative grants. We examined also research and various approaches in other provinces and jurisdictions. From our study we concluded that the current general legislative

grant formula in Ontario is basically sound, but it could be modified and improved for continued application.

The current formula for calculating the basic grants for ordinary expenditure uses an enrolment base (average daily enrolment), a per pupil amount (ceiling), and weighting factors. Supplementary grants are provided for French as a first language, French as a second language, and the heritage languages program. An element of funding based on program is incorporated in several parts of the formula, such as the funding of special education, technical education, adult basic education, and language training for pupils whose first language is neither English nor French. Capital projects are funded on assessment of need; capital and transportation grants are calculated and provided as required. These basic elements of the grant formula could be retained with some refinement.

We endorse the underlying concept of the block grant and the freedom of school boards to set their budgetary priorities and allocate their funds, including general legislative grants, according to local needs.

We recommend:

- 28. That the province continue with the concept of block grant and respect the freedom of school boards to set their budgetary priorities and allocate their funds, including general legislative grants, according to local needs.**

Program Review and Funding

We believe strongly that provincial grants should relate closely to the programs and services actually provided by school boards. This view, however, does not detract from our endorsement of the general concept of block grants. Rather, it raises the important issue that the real educational needs of the pupils should be clearly identified and met, and that the costs of providing such programs and services be accurately determined and covered.

Funding based on programs is a logical and viable approach for distributing provincial grants to school boards. In its purest form, which we do not support, program funding presents the central agency with complete responsibility for approving and financing individual school board requirements. We are aware of the circumstances and funding traditions in Ontario, particularly school board governance structures, provincial/local sharing of the funding responsibility, and the realities extant in a system as complex and diverse as Ontario. Nevertheless, some components of program funding should be incorporated into the grant calculation and distribution formula.

Program review and funding in Ontario's grant plan would encompass the following administrative and technical features:

(a) *Data Gathering*: There would be a need for standardization of accounting and reporting systems, costing techniques, and program definition and classification, as well as for research into existing school board practices.

(b) *Program Elements*: The components of the per-pupil grant ceiling, elementary and secondary, should be investigated in order to determine the accurate cost of a standard level of programs and services. The cost factors could be based on curriculum divisions: primary, junior, intermediate and senior; levels of difficulty: basic, general, advanced; and credits at the secondary level.

The additional program costs for technical education, compensatory education, third language instruction, French language instruction, continuing education, and special education should be accurately determined according to the needs and delivery of the programs.

The additional operating costs for small boards, small schools, and goods and services in northern Ontario should be based on accurate economic, social, and geographic factors. Costs of capital and transportation requirements should be based on demonstrated needs.

The above elements would be determined on a province-wide basis, reflecting the norm in Ontario's school system, against which an individual school board's actual programs and services may be reviewed for funding purposes. New programs proposed by a board that are not covered by set guidelines would be specially reviewed and approved by a Program Review Committee, which is described in the next item.

(c) *Implementation*: There is a need for a phase-in strategy, given the technical complexities involved. The present funding by program approach in the existing grant formula could be continued, and the concept of program funding implied in several weighting factors would be enhanced.

A Program Review Committee, composed of ministry and school board officials, with appropriate representatives from the teaching profession and education organizations, should be established. The Ministry of Education should take a leading role in this Committee, which could have the following responsibilities:

- to develop data gathering capability;
- to validate and adopt appropriate accounting, reporting, costing techniques as well as proper program definitions and classifications;
- to investigate the cost factors for the program elements;
- to approve new programs proposed by boards;
- to assist school boards in developing and implementing appropriate accounting, budgeting, and decision-making structures.

We recommend:

29. That the Ministry of Education incorporate program review and funding as an integral component of the general legislative grant plan;

and

30. That a Program Review Committee be established.

Pending the introduction of program review and funding, the Ministry of Education should continue with the current grant formula, with the nec-

essary modifications. The variables to be used in calculating and distributing general legislative grants should be carefully chosen with attention to costs. The methodology for calculating the weighting factors, for example, ought to be clearly articulated and defensible. In cases where funding is based on program approval, the grants ought to relate closely to needs and program delivery.

Classification of General Legislative Grants

In order to simplify and clarify the current grant calculation and distribution mechanisms we urge that General Legislative Grants be classified according to the following groups and described as in Table 6.2:

- I. Basic operating grant
- II. Supplementary operating grant
- III. Supplementary programming grant
- IV. Special program grant
- V. Capital and transportation grant
- VI. Capital project grant
- VII. Grant to boards with special status
- VIII. Other grants.

Table 6.2 **Classification of General Legislative Grants, Ontario**

- I. BASIC OPERATING GRANT based on full-time equivalent pupils, the per pupil grant ceiling and the local share.

$$G_1 = (ADE \times C) - L$$

where:

G_1 = Basic Operating Grant

ADE = Average Daily Enrolment for Grant Purposes

C = Per Pupil Grant Ceiling

L = Local Share

- II. SUPPLEMENTARY OPERATING GRANT recognizing additional costs arising from special circumstances.

$$G_2 = (WF_1 + WF_2 + WF_3 + WF_4) \times ADE \times C$$

where:

G_2 = Supplementary Operating Grant

WF_1 = Weighting Factor for Goods and Services

WF_2 = Weighting Factor for Small Boards

WF_3 = Weighting Factor for Small Schools

WF_4 = Weighting Factor for Guarantees

ADE = Average Daily Enrolment for Grant Purposes

C = Per Pupil Grant Ceiling

- III. SUPPLEMENTARY PROGRAMMING GRANT recognizing the additional programming costs arising from special needs and services.

$$G_3 = (WF_5 + WF_6 + WF_7 + WF_8) \times ADE \times C$$

where:

G_3 = Supplementary Programming Grant

WF_5 = Weighting Factor for Compensatory Education

WF_6 = Weighting Factor for Language Instruction including English as a second language

WF_7 = Weighting Factor for Dual Language Secondary School

WF_8 = Weighting Factor for Technical Education

ADE = Average Daily Enrolment for Grant Purposes

C = Per Pupil Grant Ceiling

- IV. SPECIAL PROGRAM GRANT recognizing additional costs of special programs and services.

$$G_4 = FFL + FSL + HL + SE + CE$$

where:

G_4 = Special Program Grant

FFL = French as a first language grant, including the Secondary School Re-organization Grant

FSL = French as a second language grant

HL = Heritage Languages Instruction grant

SE = Special Education per pupil grant; grant for trainable retarded pupils; grant for services provided for hearing impaired and visually handicapped pupils; and grant for approved programs in government-approved care and/or treatment centres

CE = Continuing Education grant for approved courses for credits, summer school, adult basic education and driver education

- V. CAPITAL AND TRANSPORTATION GRANT

$$G_5 = REE - L$$

where:

G_5 = Capital and Transportation Grant

REE = Recognized Extraordinary Expenditures for school sites, buildings, portable classrooms, furniture and equipment, pupil transportation, and debt charges

L = Local Share

- VI. CAPITAL PROJECTS GRANT representing the direct capital grants approved by the Ministry of Education for specific capital projects.

- VII. GRANT TO BOARDS WITH SPECIAL STATUS applying to boards on tax exempt land, including boards on military bases and those boards that operate schools in sanatoria, hospitals, and children's treatment centres. It also applies to boards in remote communities, referred to as "isolate boards" that have 300 or fewer pupils.
- VIII. OTHER GRANTS providing special assistance for debentures, apportionment, tuition fee expenditure, and adjustments for teacher qualifications and experience.

Additional Comments on the Grant Formula

Following are additional comments on the major elements of the grant formula, together with recommendations.

1) Average Daily Enrolment for Grant Purposes

The Ministry of Education has been reviewing this subject for possible revision in 1986. The current method of using the last school day in January, April, and September of each year needs to be modified, particularly with the increasing use of the semester system in secondary schools. The ministry's proposals pertaining to the definition of full-time and part-time pupils, and the change of reporting dates to February and September are noted. We emphasize, however, that the existing assistance for declining enrolments should be continued.

We recommend:

- 31. That the Ministry of Education revise the calculation of average daily enrolment for grant purposes, having due regard for any financial impacts on school boards.**

2) Weighting Factors

The use of weighting factors to provide additional assistance to school boards to offset unusual and unique costs due to special programs and circumstances should be strengthened or revised where appropriate. Two weighting factors particularly require attention:

Compensatory Education The social and economic variables currently used in the calculation are proxy measures. We question whether the four independent variables – general assistance and family welfare benefits, taxable income, languages spoken, and public housing and rent supplement units – are appropriate measures of a school board's needs.

Goods and Services The condition governing a board's eligibility for this assistance is outdated and no longer defensible under current circumstances. This factor was designed to provide additional grants to boards in northern Ontario to offset the higher cost of goods and services. However, current guidelines that allow this factor only to boards in a territorial district, a district municipality, or provisional county seem arbitrary.

We recommend:

32. That the Ministry of Education research the compensatory education weighting factor and the goods and services weighting factor in order to revise them or to replace them with more appropriate measures to reflect social, economic, and geographical needs.

The following weighting factors could be continued: *Language Instruction* for pupils whose first language is neither English nor French; *Dual Language Secondary School* to encourage a wider range of course offerings in the minority language of the mixed language school; *Technical* programs and services; *Small Boards* having an elementary or secondary school enrolment of less than 5,000 pupils; *Small Schools*, both elementary and secondary; the *Teacher Qualifications and Experience Adjustment*.

We recommend:

33. That the Ministry of Education improve the method for calculating all weighting factors to ensure that needs are recognized and compensated adequately.

3) French Language Instruction

French as a first language This category of grant offsets the additional costs of such programs, which boards are obliged to provide. Boards should be required to show evidence that these grants are spent on the provisions of the programs. In situations where French-speaking pupils constitute the majority of the total enrolment, a grant in excess of the actual additional costs incurred may result since the grant is designed to cover the additional costs arising from the provision of programs to a minority group of pupils. On the other hand where the number of French-speaking language pupils in a program is inordinately small, the grant may be deficient.

We recommend:

34. That the Ministry of Education study the appropriateness of calculating grants for French as a first language on the basis of pupils and credits in situations where French-speaking pupils constitute the majority of the total enrolment, or where the number of such pupils in a program is inordinately small.

French as a second language Current grant provisions for French as a second language programs seem appropriate and could be continued. Boards should submit evidence regularly that the grants are spent on the programs.

We recommend:

35. That grants for French as a second language be continued and be updated annually to reflect increases in the cost of goods and services.

4) *Special Education*

As of September 1985 school boards have full responsibility for providing appropriate education programs for all pupils, regardless of their exceptionalities. Since 1982 the ministry has used a new approach to fund special educational programs and services, which replaced the Special Education Weighting Factor.

Current funding for the general special educational programs and services is based on a fixed dollar amount per pupil, adjusted by the grant weighting factor and applied to all the resident-internal and resident-external pupils of a board, excluding trainable retarded pupils.

The global approach to the grant calculation has the advantage of simplicity and ease of administration. The grants are not based on the actual number of special education pupils in a system in order to minimize the identification and categorization of these learners. Some could argue that the process of identifying, categorizing, and reporting pupils for the purpose of calculating the grant is inappropriate and insensitive. The motive to maximize grants could be so strong that learners may be inappropriately labelled.

The current formula, in its global approach, however, fails to address the varying needs, or the actual level of service provided by individual school boards. Some boards receive a grant windfall while others find their costs running in excess of grants.

School boards are required to submit implementation plans to the Ministry of Education, but these are used for planning, not for grant calculation. There seems to be a lack of consistency in the methods of costing, accounting, and reporting. The task of monitoring the financial accountability and the program responsibility of school boards in the provision of special education is, therefore, difficult.

While there is merit in tying provincial grants more closely to the delivery of programs and services by school boards, the grants should not influence unduly the modes of delivery. Rather, provincial grants should be paid on the basis of demonstrated needs and delivery.

With Bill 82 in full effect as of September 1985, it may not be necessary to single out the special education grants on a per pupil basis. The possibility of rolling the grants into the regular grant ceiling has been mentioned. However, we believe that, at least for the next few years, the additional grants for special education should be kept visible, and school boards should be expected to submit evidence of program delivery and expenditure of funds. However, when differentiated ceilings are developed, as described in Recommendations 25 and 26, consideration should be given to incorporating the special educational grants into the ceiling amounts.

We recommend:

36. That the per-pupil grants for special educational programs and services be continued, conditional upon annual approval of board submissions by the Ministry of Education or a Program Review Committee;

and

37. That appropriate costing, accounting and reporting mechanisms be developed for special educational programs and services.

We endorse the present funding for specific special educational programs and services. These include:

- services provided by school boards in lieu of provincial services for exceptional pupils identified as hearing impaired and visually handicapped;
- programs for pupils in a class or school for the trainable retarded;
- programs provided by school boards for children in government-approved care and/or treatment facilities;
- programs and services provided by school boards to meet the special needs of severely retarded school-aged children in developmental day care centres under the *Day Nurseries Act*.

We are aware of some of the administrative problems that have been encountered by the ministry in the annual approval of these programs but trust that the problems could be satisfactorily resolved.

We recommend:

38. That the Ministry of Education continue to fund, on an individual program approval basis, specific special education programs and services including services provided by school boards for the hearing impaired and visually handicapped pupils, programs for trainable retarded pupils, and programs provided by boards in care and/or treatment centres and developmental day care centres;

and

39. That the grants for special educational programs and services be adjusted annually to reflect the increase in the costs of goods and services.

5) *Capital Allocation*

Continuing constraints in the provincial allocation for school board capital requirements means that priority has been given to the acquisition of new pupil places and to safety requirements, leaving little allocation for the on-going maintenance of existing school buildings. The long-term consequences of delaying required renovations and maintenance could be very serious.

We recommend:

40. That the province increase its annual capital allocation for school purposes;

and

41. That provincial capital allocation be related to demonstrated needs and to the priorities set by school boards.

6) *Extraordinary Expenditures*

Recognized Extraordinary Expenditure (REE) includes those expenditures that are approved by the Ministry of Education for pupil transportation, board and lodging, debt charges from debentures, school sites, buildings and permanent fixtures, furniture and equipment and replacements, and portable classrooms and their relocation. Grants are based on two levels of REE, the first level representing an average 75 per cent rate of grant and the second level an average 95 per cent rate of grant. There was concern in some submissions about the appropriateness of the two rates of grant and the level of these rates.

We recommend:

- 42. That the formula for the funding of recognized extraordinary expenditure be continued, but that the grant rates be examined.**

An item in the 1985 Ontario Budget, dated October 24, 1985, proposes the winding down of The Ontario Education Capital Aid Corporation (TOECAC) and the transferring of its school purpose debentures to the Treasurer of Ontario. The amount of debt repayment recognized for grant purposes is \$535 million and the grant is \$437 million. The transfer would mean that the portion of school board debt to TOECAC would be carried by the province. In future years school board spending on debt charges and the related general legislative grants will decline by identical amounts. We acknowledge the effect of this proposal on Recommendation 42.

7) *Transportation*

The portion of transportation expenditure approved for grant purposes by the Ministry of Education is based on a formula that provides a "per diem" rate for each vehicle and a "per kilometre" allowance for daily kilometres travelled in excess of 80 kilometres. Thus, school boards decide on the level and pattern of transportation to be provided. Ministry of Education approval is simply the result of a mathematical calculation of the number of vehicles, distances travelled, and the approved rates. This is an open-ended approval process whereby the Ministry of Education has no control over the extent of transportation provided nor the amounts approved for grant purposes.

Since the rate of grant on approved transportation expenditure is high, there is little financial incentive for school boards to improve or streamline their operation, or to reduce expenditures accordingly. The level of provincial grants is so high, especially at the second level rate, which averages 95 per cent, that the local burden for additional transportation and additional expenditures becomes minimal.

In the interest of economy and efficiency, the current method of funding pupil transportation should be drastically revised. In 1985 school boards will spend an estimated \$325 million on pupil transportation. Provincial grants will be about \$240 million. Clearly, the scope for financial savings is significant if the provision of transportation is managed economically and efficiently.

The Ministry of Education should close the open-ended approval process, and introduce greater fiscal discipline on school boards in incurring additional transportation costs. Indeed, we are aware of recent efforts by the Ministry of Education in this direction, and of consultations that the ministry has initiated with such organizations as the Ontario Association of School Business Officials. The potential for greater economy and efficiency and, hence, financial savings that would result from a new formula is significant.

We recommend:

- 43. That the Ministry of Education continue to examine options and adopt a new formula for funding pupil transportation to ensure greater economy and efficiency.**

8) School Boards in Small and Remote Communities

As described above in item (2), Weighting Factors, additional grant assistance is provided through a weighting factor to small boards with elementary or secondary enrolments of less than 5,000 pupils to offset additional administrative costs. Furthermore, school boards with 300 or fewer pupils qualify for "isolate board" status. Funding for the 38 isolate boards is based on programs and budget submissions which are reviewed and approved individually by the regional directors of the Ministry of Education. However, there is concern that the budget review and approval process varies from one region to another. Since provincial grants represent a high proportion of the boards' revenue, the Ministry of Education needs to review and approve the budgets of isolate boards on a uniform and impartial basis.

We recommend:

- 44. That the Ministry of Education adopt provincial standards and guidelines in reviewing and approving budgets of isolate boards to ensure uniformity and impartiality;**

and

- 45. That the Ministry of Education consider the feasibility of establishing a special program review and approval committee for isolate boards.**

Of the 168 school boards in Ontario operating schools, 64 have enrolments of fewer than 2,000 pupils. The total enrolment of these 64 boards is about 35,000 pupils, which represents 2 per cent of the total pupil enrolment in Ontario. We endorse the funding formula for isolate boards, but we believe that studies should be carried out to determine the appropriateness and viability of extending the isolate board funding formula to school boards with fewer than 2,000 pupils.

We recommend:

- 46. That the Ministry of Education study the appropriateness and viability of extending the isolate board funding provision to school boards with fewer than 2,000 pupils.**

9) *Boards on Tax Exempt Land*

School boards that operate schools on tax exempt land are funded by provincial grants and contributions of host organizations. These boards are constituted under section 70 of the *Education Act*, and include those that operate on military bases, or in sanatoria, hospitals, crippled children's treatment centres or centres for the treatment of cerebral palsy. In the case of a Department of National Defence school board, for example, provincial grants are about 50 per cent of the approved budgets, with the balance provided by the Government of Canada.

We recommend:

- 47. That provincial grants to boards on tax exempt land, including boards on a military base, or in a sanatorium, a hospital, a crippled children's treatment centre or a centre for the treatment of cerebral palsy, be continued under the existing provisions.**

The current plan to share the general legislative grants in Ontario is basically sound. The recommendations in this chapter address the importance of maintaining realistic grant ceilings, the ideal of equalizing local resources for the financing of unapproved expenditures and the need for improved grant calculation and distribution mechanisms. The proposals for program review and funding and for the establishment of a Program Review Committee would require careful planning over an extended period. The immediate improvements to the current general legislative grants plan recommended in this chapter would improve the present grant structure upon which program review and funding could be built.

7. RELATED ISSUES

During the course of its deliberations, the Commission focussed on what is to be funded, how much it will cost, where the money is to come from, and how it is to be distributed. There are, however, a number of other issues, some of immediate concern and others more global in scope, which were brought to our attention and upon which we wish to comment.

Schools and the Community

Because of a number of trends, including changes in family structure, fewer taxpayers today than in the past are directly in touch with schools through their children. Information about the local school or the school system, for many people, tends to be relegated to conventional wisdom or to incidents of dissatisfaction reported by neighbours or the media. In our opinion the media could play a more positive role and provide analytical, constructive, and balanced reports to help its readers or listeners think about complicated issues. At the same time, we are aware that there are people of all ages who have the inclination and the time to work with young people on a voluntary basis, sharing freely their expertise and skills in the life of the school.

Therefore, we believe that the improvement of individual schools can be assisted and supported by continued and redoubled community involvement in a number of ways. There can be greater community use of schools as a meeting place for special projects and groups, a family resource centre, a social centre, and a sport and recreational facility. Making a school the focus of a neighbourhood requires the cooperation of community members of all ages, including parents, who want both to improve their children's schools and to increase neighbourhood pride in them. Further, volunteers in the classroom can bring new expertise or special experience to pupils without usurping clearly defined responsibilities of teachers' aides and teachers.

We believe that the productivity, effectiveness, and "spirit" of schools can be improved through two-way interaction with the community. But of utmost importance to public involvement is the raising of public awareness about the quality of our schools and the effectiveness of teachers. With

raised public awareness of schools and programs will come, we believe, raised public support of our system of education.

We recommend, therefore:

48. That, through well organized and professionally directed volunteer services, schools aim for closer identification with their neighbourhoods to improve the schools and to raise public awareness of and support for the educational system.

Adult Basic Education

The level of adult literacy is the subject of much attention, although there are available now more adult literacy and numeracy programs than ever before. However, there is a need for additional work in this area. We endorse literacy programs across the province and urge continued financial support for this important activity.

Therefore, we recommend:

49. That the funding of adult basic education programs be maintained and that boards continue to provide such programs and, where expedient, cooperate with colleges of applied arts and technology, community groups, and other ministries.

General Interest Courses

We endorse the current policy of limiting funds for continuing education to credit courses and, as noted above, for adult basic education. There is concern on the part of northern and remote communities and minority language groups about the lack of suitable community organizations to deliver general interest programs. It would appear that in these communities the school board is the best and often the only agency that could mount and sustain such courses. The funds should not, however, in our opinion, be a charge on the general legislative grants or on local school taxes.

We recommend, therefore:

50. That the needs of northern and remote communities and minority language groups for general interest courses be met by school boards with funding by participants and appropriate government ministries and agencies.

Cash Flow

Many school boards pointed out that they paid significant sums annually in interest payments to finance the operation of schools pending receipt of grants from the province. We think that the province should transfer funds to boards each month as expenditures are incurred, particularly during the first three months of the calendar year. The province can borrow at rates that are more favourable than those available to school boards, thereby providing a net reduction in public expenditures.

In addition, municipalities collect both municipal and school taxes during the calendar year and remit the education taxes to school boards four times a year or as arranged mutually with the boards. We suggest that tax revenues be transferred to the school board as these revenues are received by the municipalities.

We recommend:

- 51. That the transfer of grants by the province to school boards be related directly to the incurrence of expenditures and that the remittance of taxes from municipalities to boards be related directly to receipt of tax payments.**

Unfunded Liability

Many collective agreements in the public and private sector have short-term and long-term sick leave programs that are not cumulative.

There remain, however, in school boards many cumulative sick leave plans that pay up to one-half year's salary on severance or retirement, such payments being a charge to the current year's budget. With the aging teacher population and the number of teachers moving to retirement in the next five years, this budget item is expected to increase dramatically. We recognize that this matter is complex and has been studied many times.

We commend the foresight of the boards that have negotiated plans to protect employees in a businesslike way and those that have set up reserve funds to cover the cumulative liability. At the same time, we recognize that the matters of sick leave and retirement gratuity are interrelated, are very complex, and are based on historical precedents. Nevertheless, we question the appropriateness of paying retirement gratuities based on unused sick leaves and urge that the issue be studied.

Funding for Provincial Initiatives

We have been made aware of several provincial programs and initiatives which were introduced without accompanying new grants within the general legislative grants allocation. Additional funds were added each year for the implementation of the special education legislation, but in some provincial initiatives, funding was transferred to the general legislative grants without any corresponding addition to the regular allocation. The following are some examples:

- divestment of provincial schools
- acquisition of microtechnology
- provision of certain services such as the Student Guidance Information System (SGIS) and Education Computing Network, Ontario (ECNO)
- additional occupational and health and safety requirements in the schools
- additional qualifications required of elementary school teachers
- increases in payment of OHIP and UIC premiums.

We recommend, therefore:

- 52. That the province provide new or additional funds for any new provincially initiated or mandated program.**

Research

In an earlier section of this Report, we referred to the ongoing need for up-to-date information related to the financing of education in Ontario. We indicated that these data would be of use to central agencies such as the Ministry of Education, and to school boards to assist them in the decision-making process.

We have reviewed the potential impact of demographic trends, such as the aging of our society, and their effects upon education. Similarly, other societal trends, such as changing family structures or such social problems as addiction, need to be reviewed regularly for their possible influence on programs and for their effect on finance. The potential shift in social organization and the structure of the labour market are other fields that need monitoring.

Therefore, we recommend:

- 53. That the Ministry of Education ensure that research on the financing of education be conducted on an ongoing basis.**

New Information Technology

New information technologies allow the delivery of education through such tools as computers, interactive video discs, and telecommunications networks. Integrated with current teaching methods, this technology has the potential to improve the quality of education in the classroom, to enhance equality of educational opportunity across the province, to provide more effective distance education, and to meet more fully the needs of the disabled and functionally illiterate.

In the larger view, information technology could change the structure of education, including the role of the teacher and the student. As a tool, microtechnology allows the teacher to devote more time to teaching concepts and less time to the transmission of information and the development of basic skills. Experience and research have shown that pupil interest, generally, in school is enhanced by "pupil-centred" learning, in which the student has more responsibility for directing the pace and varying the content of information that used to be transmitted by the teacher to the group. The teacher, in turn, has more time to spend on the teaching of concepts and the application of knowledge.

Studies have shown, with new information technology, a reduction of from 20 – 50 per cent in learning time, with enhanced, rather than reduced, comprehension in certain situations. These improvements cross many subject areas and provide more time for teachers to meet students individually and in small groups, and for students to work with their peers. Further,

software can be developed to improve overall comprehension by integrating two or more subjects in the same program. Also, we are aware that new information technology can greatly facilitate the early detection of learning difficulties.

The potential benefits of microcomputers for Ontario are far-reaching. To date, the Ministry of Education has proceeded on a broad front, supporting the development of an infrastructure. There are already approximately 40,000 computers installed in Ontario schools, but we understand that the existence of computers tends to correspond to the wealth of school boards and families.

The time has come to enhance equal access to learning through technology by working computers and software into the very fabric of the educational system in Ontario. A task force could develop and aid in implementing a comprehensive plan that would bring new information technology into our school system by the year 1995.

The task force might examine, among others, the approach recommended by Hossack who conducted a study for the Commission. Specifically:

- develop a focussed software strategy
- review the hardware strategy
- formulate a comprehensive teacher training program
- create a pilot “wired” school
- assess the merits of creating an Ontario educational computer consortium
- initiate discussion with other provinces
- conduct a study into the telecommunications network
- establish a liaison mechanism for the various interest groups
- review the organizational arrangements
- develop a comprehensive plan and monitoring mechanism.

In particular, while the acquisition of “hardware”, the physical technology itself, is often a starting point, the development of teaching skills and of “software”, or the programs for innovative teaching, is crucially needed at this time. Computers without programs are like books with blank pages – full of potential, but virtually useless to teachers and students alike. We would like to see, therefore, a burgeoning development in software that will justify and keep pace with the acquisition of hardware.

We recommend:

- 54. That the province appoint a special task force to develop a comprehensive plan by which the potential educational and cost benefits of the new information technologies may be realized by the year 1995.**

Vouchers for Education

The idea of financing education by issuing vouchers to parents dates back to Adam Smith and John Stuart Mill and it enjoys a tradition of being,

from time to time, resurrected, debated, and then buried again.¹ Since an analysis of education finance would be incomplete without consideration of the voucher system, we shall comment briefly on the idea.

Auld notes an accepted description of a voucher system:

the distribution to all parents of vouchers exchangeable for education at any school, state or private school, that satisfies minimum education standards, the value of the voucher being related to the average costs of education according to the age of the child.

While a further discussion of education vouchers and tax credits was provided to the Commission by Edwin G. West of Carleton University,² we will confine ourselves here to some advantages and disadvantages of these two alternatives to the present system.

It is thought on the positive side that vouchers would improve the overall quality of education by forcing the public system to compete in the marketplace with private and independent schools. Schools would be much more responsive to the wishes of parents, resulting in a general improvement in the quality of education without increased government expenditure.

A wider range of educational experience and greater scope for specialized programs would seem to be available, allowing diverse preferences for education to be better satisfied. The public schools themselves would be strengthened through competition once their education monopoly was removed. And finally, parents would be given freedom of choice in providing, in turn, options for their children.

According to E. G. West, vouchers or tax credits would effect the crucial change in institutional arrangements. By "tax credit", West means "the family purchase of education aided by a tax credit in which the expense is subtracted directly from the taxpayer's bill", not as a deduction from taxable income:

A school that was inferior in the eyes of the parents would lose custom and, by the same token, it would lose finance since the voucher funds would be transferred elsewhere. Similarly, schools that were efficiently providing what the parents were demanding would attract custom and, thereby, voucher finance. Such increases in finance would be used to improve salaries of all personnel at the school as a reward for superior endeavors. Vouchers and

¹ D.A.L. Auld, in *Financing Primary and Secondary Education: Objectives and Means*, provides a good summary of considerations regarding the voucher system in a report prepared for this Commission. We also had thorough briefs from W.L.G. James, retired Superintendent of Business, Board of Education for the City of York, who considered both sides of the voucher system, and from Mr. Ian Goldman, a student at the University of Western Ontario, who presented some arguments in support of vouchers. Another Canadian source on the topic is Richard M. Bird in his report prepared in 1978 for the Commission on Declining School Enrolments in Ontario.

² See Edwin G. West, "The Demise of 'Free' Education", published in *Challenge* January – February (1985), pp. 26 – 32.

tax credits provide means of doing this. But their adoption means that “free” education will come to an end; prices (tuition fees) will once more be charged, although parents will be helped to pay them.³

What is to be feared from a voucher system is that differences in educational standards would emerge, resulting in graduating students having different kinds and degrees of skill. Inequity would be magnified if affluent parents were permitted to provide extra financing for their own children only. The private schools might admit only the “brightest” students, resulting in a two-tiered system of education, and ultimately in a larger social stratification. Since education above minimum standards would therefore be distributed in accordance with wealth, the future earning capacity of those who already have wealth would be enhanced, thereby locking-in the existing distribution of wealth.

The paramount responsibility of government, as we see it in Ontario, to provide equal educational opportunity for all, would be overturned and public funds would, perhaps, be diverted into private schools. Finally, what of school planning? Uncertainty as to enrolment on a massive province-wide scale could present formidable administrative problems for school planners.

There are various suggested ways to remove some of the above inequities from a voucher system, and these are worthy of further consideration. But whatever the fine-tuning, which may or may not solve some of the inherent problems of voucher plans, the fact remains that there is little evidence from actual implementation of a voucher system upon which to devise such a system for Ontario. The studies we have seen unanimously recommend education vouchers for further study because there seems to be virtually no precedent of practical success.⁴

On the philosophical side, large questions remain. The debate seems to rest upon a question of values. Which is the higher good: free choice or equal opportunity? But we would argue that what appears to be free choice in the matter of redeeming a voucher in a certain school could actually, in the long term, become diminished, or indeed, no choice. If a multicultural society were to backslide from social cohesion into social stratification, there would perhaps be no choice of school for minority groups. Thus, while there is some element of tyranny of the majority in our present attempts toward equal opportunity, the voucher system could perhaps take society into a far more restrictive dilemma – a tyranny of the minority.

Although vouchers and tax credits for education have potential, they do not seem practical for Ontario at this time. Additional investigation and

³ Edwin G. West, “The Demise of ‘Free’ Education”, p. 31. It is interesting to note, since we have referred elsewhere to Frederick Herzberg on human motivation, that West’s view of what motivates teachers – competition and higher salaries – is at odds with Herzberg’s findings.

⁴ Attempts were made in the 1960s and 1970s by the Office of Economic Opportunity and U.S. Office of Education to promote trials of voucher systems in the United States. To date, no state has adopted any such system although a few experiments have been attempted.

validation should be carried out before these methods of distributing funds receive serious consideration.

CONCLUSION

In the Commission on the Financing of Elementary and Secondary Education in Ontario, we have been privileged to gain an overview of our system of education that other groups or individuals rarely have. In doing justice to that overview, we have made 54 recommendations which are requisite to equity and economy in the improvement of our current system of education finance. We believe that quality of education will rise as a result.

Our recommendations propose major change. Some are workable immediately, while others are of a magnitude that will require further debate and refinement in the application. We have endeavoured, in proposing adjustments great and small, to strike a reasonable balance between what is ideal and what is acceptable. We are satisfied that our recommendations represent the best effort that the individual diligence and experience of the members of this Commission can bring, collectively, to education finance. The subject, by nature, begets debate, yet ideally education and the financing system must achieve a concord or harmony of differences. For that reason the character of the debate on education is as important as the substance of it.

It has been our experience that confrontation born of individual integrity can gradually and surely evolve to conciliation without loss of principle. In the interest of balance and proportion, we have included in our narrative a spectrum of options and viewpoints that gave life to our own deliberations. Open discussion and fair consideration of multiple opinions are appropriate, we believe, in working toward adequacy, equity, and equal opportunity. We emphasize the nature of our debate both as a testimonial to the difficulty of our task and as an example of the promise for concord in the larger context of education and society.

Diversity promises both glory and trial for education in Ontario. Our task, ultimately, is to overcome great differences of circumstance through willful assent within the education community, a spirit of generosity, and a rededication of our better nature for the common good.

In our Report, opposing claims have often been accommodated. For example, the substantial change involved in the education property tax credit

and the education income tax would address serious inequities in the current property tax system. The proposed education income tax will ensure that the financing of education is more equitably based on an individual's ability to pay. At the same time, however, we have concluded that the education component of the residential property tax should not be discontinued since it has major advantages that should be recognized; for instance, the very direct connection between education and the local community.

While acknowledging the fact that education must remain primarily a provincial responsibility, we believe that such a connection with the local community must be maintained and, where possible, strengthened. For example, we support the creation of a French-language school board in the Ottawa-Carleton region on the principle that French-language citizens should have a say in the management of their schools. We also believe that the performance of schools generally could be assisted by increased community involvement. On the other hand, local decision-making should be compatible with both efficiency and economy. Our recommendations for the consolidation of school boards, for the creation of new integrated school boards, for the establishment of cooperative service units, for program review and funding, and for the substitution of provincial-level bargaining on salaries and benefits for multiple negotiations at the local level have all been made with this requirement in mind.

On the whole in Ontario, we face challenges that cannot be resolved in the short term since they raise fundamental questions about the relationship between education and society. In the long term, we believe that a continuing review of the role of education in society—the function it serves and the benefits it provides—would make our direction clearer. We may discover that the traditional limits of education are no longer applicable and that the traditional responsibilities of education may have to be reshaped. That result could have immense implications for the funding of education. If the role of education in society were to be redefined in the long term, it follows that the arrangements for funding education should be revised in keeping with these principles.

Thus, although we may have raised more questions than we have answered, we believe that we have responded well to the challenge of education finance. As all Ontarians continue to pursue that challenge, we must bear in mind what is sometimes forgotten—that the meaning of education finance resides in the learner. It is only through better human feeling and the enduring ideals of education that we may draw together the method and purpose of education finance. We strongly believe that Ontario is ready to meet that challenge in the spirit it deserves.

APPENDICES

Order in Council

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that

WHEREAS it is the objective of the Government of Ontario through the Ministry of Education that there be equality of educational opportunity for all pupils attending publicly supported schools in the Province;

WHEREAS the method of assisting in funding the costs of elementary and secondary education that has been in place since the establishment of larger units of school administration in 1969 may not be able to ensure the equitable distribution of financial resources in future years;

WHEREAS there is a need to examine the present methods of meeting the costs of elementary and secondary education at the provincial and local levels in terms of the levels of expenditure and the availability of resources to meet those expenditures;

AND WHEREAS the Minister of Education may, under the authority of clause 9(b) of the Education Act, appoint a commission of one or more persons to inquire into and report upon any school matter;

THEREFORE a Commission to be known as the Commission on the Financing of Elementary and Secondary Education in Ontario is established and the following are appointed as members thereof:

1. Mr. H. Ian MacDonald
2. Mr. G. Rodger Allan
3. Mr. Bruce Bone
4. Mrs. Trèva Cousineau
5. Mr. William Hillyer
6. Mr. Desmond B.J. Morin

and H. Ian MacDonald, being a member, is appointed Chairman of the Commission.

The Commission shall:

- inquire into the apportionment and distribution under the regulations made under the Education Act of the monies appropriated or raised by the Legislature for elementary and secondary educational purposes and report upon the degree to which such apportionment and distribution may be appropriate for the purposes intended.
- inquire into the degree of local participation in meeting the costs of elementary and secondary education through property taxation and report upon the consequences of that participation for local decision-making and accountability.

- inquire into the resources other than provincial grants available to local school boards in the attainment of educational objectives and report upon disparities and inequalities caused by economic, natural and other factors in the local areas.
- inquire into and report upon alternative methods of financing elementary and secondary education consistent with an acceptable degree of responsibility for fiscal decision-making and accountability.
- inquire into and report upon financial issues in respect of elementary and secondary education raised by representatives of the educational community and any other interested party.
- after due consideration and study, make written recommendations to the Minister of Education with respect to the matters inquired into and reported upon.

The Commission is empowered to request oral submissions and written briefs from any person or organization in the conduct of its inquiries and to engage persons with special knowledge in the matters heretofore mentioned to cause research papers to be prepared in areas of research considered essential by the Commission to formulate its recommendations.

The Commission may request the assistance of officials of the Ministry of Education for such purposes of the Commission as the Commission may consider necessary;

The Commission shall report to the Minister of Education as soon as practicable but not later than the 31st day of October 1985, and this Commission shall be dissolved on the date of submission of its report.

Approved and Ordered by the Lieutenant Governor in Council on July 26, 1984.

O.C. 2047/84

Note: Due to a misunderstanding about being an active school trustee, Mr. William Hillyer resigned in September 1984. Order in Council O.C. 2589/84 names a successor to Mr. Hillyer.

Order in Council

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that

WHEREAS pursuant to order in council numbered 2047/84, Mr. William Hillyer was appointed a member of the Commission on the Financing of Elementary and Secondary Education in Ontario; and

WHEREAS Mr. William Hillyer resigned as a member of the said Commission effective the 26th day of September, 1984 and it is expedient to appoint a successor,

NOW THEREFORE pursuant to the provisions of clause 9(b) of the Education Act, chapter 129 of Revised Statutes of Ontario, 1980, Dr. Joseph W. Fyfe be hereby appointed a member of the Commission on the Financing of Elementary and Secondary Education in Ontario.

Approved and Ordered by the Lieutenant Governor in Council on October 9, 1984.

O.C. 2589/84

Select Chronology on Educational Finance

- 1791 *Constitution Act*
The Act set aside 1/7 of uncleared land to support Protestant clergy.
- 1793 *Assessment Act*
First taxation legislation in Ontario. Taxed all inhabitants of Upper Canada with property valued at fifty pounds or more.
- 1796 First government grant to a private school in Upper Canada.
- 1803 *Assessment Act*
Accepted taxation as a tool of social policy. Recognized inequities of previous legislation and fixed monetary value to real and personal property.
- 1807 *District Public School Act*
Established public schools in each district of the province. Provided grants to each of the existing eight districts to help support grammar schools. Generally accepted as the first government step toward the establishment of a public school system.
- 1816 *Common School Act*
Authorized annual payment by the province to help pay teachers' salaries. Locally elected boards of trustees had to raise the initial amount by subscription. First recognition of the government's responsibility to ensure educational services for all residents.
- 1824 *School Extension Act*
Created a General Board of Education for Upper Canada responsible for coordinating and supervising education. Dissolved in 1833 but reintroduced by Egerton Ryerson in 1846. Led to formation of Department of Education in 1876.
- 1841 *Act to Make Further Provision for the Establishment of Common Schools Throughout the Province* (Day Act)
Gave power to municipal councils to divide townships into sections and to tax each section to build a school house. Provided for state support for Roman Catholic schools.
- 1843 *Act for the Establishment and Maintenance of Common Schools in Upper Canada* (Hincks Act)
Superseded the 1841 act and provided for the establishment of separate Roman Catholic or Protestant systems. Transferred the duties of the Superintendent of Education to the Provincial Secretary, who became in fact, if not in name, the first Minister of the Crown.
- 1846 *Common School Act*
Marked the development of a strong centralized system to coor-

- dinate such activities as finance, curriculum and text approvals. Continued local control by trustees.
- 1849 *Baldwin Act*
Made provisions for the permissive levying of property tax. Schools still charged “rate bills” or tuition fees.
- 1850 *Assessment Act*
Laid the foundation for modern local government assessment practices. Used the popular notions of “payment according to ability” and equity by rating real property at actual or market value.
- 1850 *Common School Act*
Allowed urban municipalities to levy and collect taxes for the support of common schools. Municipalities were permitted to collect taxes to support grammar schools in 1853. Rural municipalities were given the same responsibility in 1877. Government grants were based on average attendance, which replaced average enrolment.
- 1853 *Act to Amend the Law Relating to Grammar Schools in Upper Canada*
Required county councils to appoint boards of trustees and promoted the establishment of union schools (grammar and common) in smaller centres. Consolidated the central control of education.
- 1863 *Act to Restore to Roman Catholics in Upper Canada Certain Rights in Respect to Separate Schools* (Scott Act)
Became the basis of the British North America Act of 1867 (section 93) and strengthened the Roman Catholic school system.
- 1866 *Assessment Act*
Combined real and personal property as components of personal property, including personal income. Remained in effect for almost forty years.
- 1867 *British North America Act*
Section 93 provided for provincial control of education. Confirmed the rights of Roman Catholics to maintain a separate school system.
- 1871 *School Act*
Required municipalities to raise locally an amount equal to half the government grant paid to them. Common schools were free but secondary schools still charged fees. Introduced the positions of public school and high school inspector.
- 1876 Establishment of Department of Education and the office of Minister of Education.
- 1886 *Act Respecting Separate Schools*
Allowed corporations to designate and apportion taxes on a proportion of Roman Catholic supporters. Tenants were allowed to direct taxes. Municipalities were allowed to collect taxes for Roman Catholic systems. Separate school trustees could name a representative to sit on high school boards.

- 1899 *Act to Amend the Separate Schools Act*
Permitted the establishment of a separate school system in areas where no public system yet existed.
- 1900 *MacLennan Commission*
Recommended the abolition of personal property tax and implementation of a mandatory business tax.
- 1904 *Assessment Act*
Arose from the MacLennan Commission and introduced concept of differing business assessment rates. Reinforced the notion of equity by assessing real property at market value.
- 1906 *School Act*
Considered assessment in apportioning grants to rural schools. Similar considerations were provided for urban schools in 1908. First attempt to take financial capacity into account.
- 1917 Introduction of federal personal income tax.
- 1919 *School Attendance Act* and *Adolescent School Attendance Act*
Raised the upper limit of compulsory school attendance from age 14 to age 16 as of January 1, 1921. Provided for the appointment of attendance officers.
- 1921 Tuition fees for secondary education removed. Municipalities were made responsible for providing the majority of funds for high schools.
- 1924 Concept of proportional grants adopted. Grants were made only after the value of property taxable for school purposes was considered. The grants were further modified in 1930 to include total expenditure and average daily enrolment.
- 1936 *Act to Amend the Assessment Act*
Required corporations to submit to municipalities the ratio of assessment that Roman Catholic shares represented. If shareholders could not be classified, taxes were to be divided in proportion to the ratio of ratepayers supporting the public or Roman Catholic systems. Taxes on public utilities were directed to the public system.
- 1936 Introduction of the Ontario personal income tax.
- 1950 *Report of the Royal Commission on Education in Ontario* (Hope)
A comprehensive inquiry into the education system.
- 1967 *Report of the Ontario Committee on Taxation* (Smith)
Examined taxation and revenue systems of municipalities and school boards in relation to their expenditures and local sources of revenue.
- 1968 *Act to Amend the Secondary Schools and Boards of Education Acts*
The county became the basic unit of school board administration.

- 1968 *Act to Amend the Separate Schools Act*
Allowed Roman Catholic schools to create larger units of administration that were coterminous with the creation of boards of education.
- 1968 *Living and Learning: Report of the Provincial Committee on Aims and Objectives in Ontario* (Hall and Dennis)
Identified pupil needs and set objectives for elementary grades to the end of grade 6. Affected the entire school system.
- 1976 *Report of the Ottawa-Carleton Review Commission* (Mayo)
Recommended, among other things, the establishment of a homogeneous French-language board in the National Capital area.
- 1977 *Report of the Committee on the Costs of Education* (McEwan)
Analyzed the financial resources provided for elementary and secondary education in relation to education goals. Examined administration, programs, teacher education, employee compensation and benefits, capital expenditures, and pupil transportation.
- 1977 *Report of the Commission on the Reform of Property Taxation in Ontario* (Blair)
Recommended market value assessment of property.
- 1978 *Report of the Commission on Declining School Enrolments in Ontario* (Jackson)
Investigated the impact of declining enrolments and delved into alternative solutions. The report's 101 recommendations touched upon all aspects of the educational system.
- 1984 Statement of intent by the government to extend support to the Roman Catholic separate school system to the end of secondary school. Three commissions were established: The Planning and Implementation Commission; The Commission on Private Schools in Ontario; and The Commission on the Financing of Elementary and Secondary Education in Ontario.
- 1985 *Bill 30, An Act to Amend the Education Act*
The bill, when passed, would enable a Roman Catholic separate school board to perform the duties of a secondary school board. The government referred the bill to the Ontario Court of Appeal to determine whether the proposal violates the Canadian Charter of Rights and Freedoms.

Commissioned Background Papers

Atherton, Peter J. *Critical Issues in Education Finance in Ontario*. February 1985. 139 pp.

Auld, D.A.L. *Financing Primary and Secondary Education: Objectives and Means*. May 1985. 33 pp.

Auld, D.A.L. *Wealth and Tax Base Neutrality and the Financing of Education in Ontario*. September 1985. 18 pp.

Hossack, R.D. *Cost Elements and Potential Strategies for the Application of New Information Technologies to Elementary and Secondary Education in Ontario*. July 1985. 42 pp.

Stager, David. *Demographic and Economic Trends, with Consequences for Public Sector Education in Ontario*. February 1985. 66 pp.

Informal Consultations

Douglas Barnes, Ministry of Municipal Affairs and Housing
Donald I. Beach, Coopers and Lybrand
Wayne A. Burtnyk, Ministry of Education
Larry J. Close, Ministry of Municipal Affairs and Housing
Jack Fleming, British Columbia Ministry of Education
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Len. J. Hewitt, Ministry of Education
Stephen B. Lawton, Ontario Institute for Studies in Education
Brian Lenglet, Ministry of Revenue
W. Jack Lettner, Ministry of Revenue
James Martin, Ministry of Education (retired)
Glenn Nicholls, Manitoba Department of Education
Henk M. Ploeger, Ministry of Treasury and Economics
George R. Podrebarac, Ministry of Education
Frances Poleschuk, Ministry of Education
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T.E. Joyce, York Region R.C.S.S. Board, (retired)

Sam M. MacKinlay, Board of Education for the City of Etobicoke

James Martin, Ministry of Education, (retired)

Allan N. McKenzie, Lincoln County Board of Education

Maurice M. Mousseau, Timmins R.C.S.S. Board

Lorne R. Smith, Ministry of Education

Submissions

Administrative Council/Red Lake Board of Education
 Algoma Division O.S.S.T.F.
 Association canadienne-française de l'Ontario
 Association des enseignants franco-ontariens
 Association française des Conseils scolaires de l'Ontario
 Association of Large School Boards in Ontario
 Association of Municipalities of Ontario
 Barnes, D.G.
 Barrhaven Community Association/Education Committee
 Board of Education for the Borough of East York
 Board of Education for the City of Etobicoke
 Board of Education for the City of London
 Board of Education for the City of Scarborough
 Board of Education for the City of Toronto
 Board of Education for the City of Windsor
 Board of Education for the City of York
 Bruce County Board of Education
 Cable, John W.
 Canadian Book Publishers' Council
 Canadian Parents for French
 Canadian Property Tax Agents Association, Inc.
 Canadian Reformed School Society of Smithville and Surrounding District
 Carleton Board of Education
 Carleton Home and School Council
 Carleton R.C.S.S. Board
 Chairmen's Council of the Board of Education for the City of York
 Chapleau Board of Education
 Chapleau Men Teachers' Federation
 Chapleau Women Teachers' Association
 Citizens Against Tax Squandering
 City of Ottawa
 Cochrane-Iroquois Falls District R.C.S.S. Board
 Comité consultatif de langue française du Conseil de Carleton
 Comité consultatif de langue française du Conseil de Sudbury
 Conseil de l'éducation franco-ontarienne

Council For Exceptional Children/OCASE
County of Middlesex
Davis, Peter L.
Dobell, Jane
Drag Lake Property Owners' Association
Dryden Board of Education
Dufferin-Peel R.C.S.S. Board
Durham Region R.C.S.S. Board
Eide, Dwight K.
Elgin County Board of Education
Elgin County R.C.S.S. Board
Essex County Public School Parent-Teacher Club
Etobicoke Home and School Council
Federation of Catholic Parent-Teacher Associations of Ontario
Federation of Ontario Cottagers' Associations Incorporated
Federation of Women Teachers' Association of Ontario
Fort Frances-Rainy River Board of Education
Fort Frances-Rainy River District R.C.S.S. Board
Frontenac County Board of Education
Frontenac-Lennox and Addington County R.C.S.S. Board
Goldman, Ian
Greenleaf, Allan A.
Grey County Board of Education
Hamilton-Wentworth R.C.S.S. Board
Hastings County Board of Education
Hastings-Prince Edward County R.C.S.S. Board
Hearst District R.C.S.S. Board
Hennessy, Peter H.
Henry, Robert C.
Huron County Board of Education
Huron-Perth County R.C.S.S. Board
Hurwitz, Michael
James, W.L.G.
Kapuskasing District R.C.S.S. Board
Kenora Board of Education
Kent County Board of Education
Kent County R.C.S.S. Board
Kirkland Lake District R.C.S.S. Board
Kondor, George A.

Lake Superior Board of Education
 Lakehead Board of Education
 Lakehead District R.C.S.S. Board
 Lakehead Women Teachers' Association
 Lambton County Board of Education
 Leeds and Grenville County Board of Education
 Lennox and Addington County Board of Education
 Lincoln County Board of Education
 Lincoln County R.C.S.S. Board
 Literacy Council of Kitchener-Waterloo
 London and Middlesex County R.C.S.S. Board
 London Council of Home and School Associations
 Matthews, Charlotte
 McCutcheon, Gordon N.
 Meipoom, K.
 Metropolitan Separate School Board
 Metropolitan Toronto School Board
 Middlesex County Board of Education
 Middlesex Presbytry United Church of Canada
 Ministry of Education Advisory Council on Special Education
 Miskwabi Area Cottagers' Association Incorporated
 Missarenda District School Area Board
 Muskoka Board of Education
 Niagara South Board of Education
 Nipigon-Red Rock Board of Education
 Nipissing District R.C.S.S. Board
 Northern District School Area Board
 Northern Ontario School Trustees' Association
 Northumberland and Newcastle Board of Education
 O.T.F./Stormont, Dundas and Glengarry Political Action Committee
 Ontario Association for Children with Learning Disabilities
 Ontario Association for Continuing Education
 Ontario Association for Property Tax Reform
 Ontario Association of Alternative and Independent Schools
 Ontario Association of Education Administrative Officials
 Ontario Association of School Business Officials
 Ontario Catholic Supervisory Officers' Association Inc.
 Ontario English Catholic Teachers' Association
 Ontario English Catholic Teachers' Association/Hamilton

Ontario Federation of Agriculture
 Ontario Institute for Studies in Education, Department of Adult Education
 Ontario Institute for Studies in Education, Department of Education
 Administration
 Ontario Nurses' Association
 Ontario Public School Teachers' Federation
 Ontario Public School Teachers' Federation/Sudbury District
 Ontario Public School Trustees' Association
 Ontario School Counsellors' Association
 Ontario Secondary School Teachers' Federation
 Ontario Secondary School Teachers' Federation/District 19 Hastings
 Ontario Separate School Business Officials' Association
 Ontario Separate School Trustees' Association
 Ontario Students' Alliance for Fair Funding
 Ontario Teachers' Federation
 Ottawa Board of Education
 Ottawa R.C.S.S. Board
 Ottawa-Carleton District Council
 Canadian Union of Public Employees
 Oxford County Board of Education
 Parent Advisory Committee of Confederation High School
 Peel Board of Education
 Peterborough County Board of Education
 Peterborough-Victoria-Northumberland and Newcastle R.C.S.S. Board
 Pfalzner, P.M.
 Poirier, Henry J.
 Prescott and Russell County R.C.S.S. Board
 Provincial Action Committee on the Quality of Education
 Red Lake Board of Education
 Régionale Carleton-Ottawa-Vanier Fédération des associations de parents
 et instituteurs de langue française de l'Ontario
 Renfrew County Board of Education and Renfrew County R.C.S.S. Board
 Rivercrest Home and School Association
 Rosedale School Association
 Roy, Albert
 Sault Ste. Marie Board of Education
 Sault Ste. Marie District R.C.S.S. Board
 Sauro, S.S. et al.
 Seberras, Ron and Christine
 Shadbolt, R.E.

Simcoe County Taxpayers' Protective Association
Sir John A. Macdonald Home and School Association
Sobolewski, Edward
Stormont, Dundas and Glengarry County Board of Education
Stormont, Dundas and Glengarry County R.C.S.S. Board
Sudbury Board of Education
Sudbury District R.C.S.S. Board
Timiskaming Board of Education
Timiskaming District R.C.S.S. Board
Timmins Board of Education
Timmins District R.C.S.S. Board
Toronto French School
Town of Collingwood
Town of Gore Bay
Town of Keewatin
Town of Midland
Ubriaco, Rita
Victoria County Board of Education
Waterloo County Board of Education
Welland County R.C.S.S. Board
Wellington County R.C.S.S. Board
Wentworth County Board of Education
Williams, John R.
Windsor R.C.S.S. Board
Workgroup of Metro Parents
York Region Board of Education
York Region R.C.S.S. Board
Zvook Corporation

* * *

The briefs, in hard copy and microfiche, are available to the public at the R.W.B. Jackson Library, Ontario Institute for Studies in Education, 252 Bloor Street West, Toronto, Ontario, M5S 1V5. Inquiries should be directed to the reference staff. Records of the briefs are included in the Ontario Educational Resources Information System (ONTERIS).

* * *

Public Hearings

Date: March 19, 1985

Site: Hamilton

Presenters: Hamilton Wentworth R.C.S.S. Board
Lincoln County R.C.S.S. Board
Ontario Separate School Business Officials' Association
Wentworth County Board of Education

Date: April 3, 1985

Site: London

Presenters: Board of Education for the City of London
Bruce County Board of Education
Goldman, Ian
Grey County Board of Education
Lambton County Board of Education
Literacy Council of Kitchener-Waterloo
London Council of Home and School Associations
London and Middlesex County R.C.S.S. Board
Middlesex Presbytry United Church of Canada

Date: April 4, 1985

Site: Windsor

Presenters: Board of Education for the City of Windsor
Citizens Against Tax Squandering
Essex County Public School Parent-Teacher Club
Huron-Perth County R.C.S.S. Board
Hurwitz, Michael
Kent County R.C.S.S. Board
Windsor R.C.S.S. Board

Date: April 11, 1985

Site: Kingston

Presenters: Frontenac County Board of Education
Frontenac-Lennox and Addington County R.C.S.S. Board
Hastings County Board of Education
Hastings-Prince Edward County R.C.S.S. Board
Hennessy, Peter H.
Ontario Secondary School Teachers' Federation District 19
Hastings

Date: April 16, 17, 18, 1985

Site: Ottawa

Presenters: Association canadienne-française de l'Ontario
 Association française des Conseils scolaires de l'Ontario
 Barrhaven Community Association/Education Committee
 Carleton Board of Education
 Carleton Home and School Council
 Carleton R.C.S.S. Board
 Federation of Catholic Parent-Teacher Associations of Ontario
 Ontario Students' Alliance for Fair Funding
 O.T.F./Stormont, Dundas and Glengarry Political Action Committee
 Ottawa Board of Education
 Ottawa-Carleton District Council Canadian Union of Public Employees
 Ottawa R.C.S.S. Board
 Parent Advisory Committee of Confederation High School
 Renfrew County Board of Education
 Renfrew County R.C.S.S. Board
 Roy, Albert
 Stormont, Dundas and Glengarry County Board of Education
 Stormont, Dundas and Glengarry County R.C.S.S. Board
 Régionale Carleton-Ottawa-Vanier de la Fédération des associations de parents et instituteurs de langue française de l'Ontario.

Date: March 25, 26, 27, 1985
 April 22, 23, 24, 1985

Site: Toronto

Presenters: Association des enseignants franco-ontariens
 Association of Large School Boards in Ontario
 Canadian Book Publishers' Council
 Canadian Parents for French
 Chairmen's Council of the Board of Education for the City of York
 Conseil de l'éducation franco-ontarienne
 Drag Lake Property Owners' Association
 Dufferin-Peel R.C.S.S. Board
 Durham Region R.C.S.S. Board
 Federation of Ontario Cottagers' Associations Inc.
 Federation of Women Teachers' Association of Ontario
 Mayor of Collingwood
 Metropolitan Separate School Board
 Metropolitan Toronto School Board

Ontario Association of Alternative and Independent Schools
 Ontario Association of Education Administrative Officials
 Ontario Association for Children with Learning Disabilities
 Ontario Association for Property Tax Reform
 Ontario Association of School Business Officials
 Ontario Catholic Supervisory Officers' Association Inc.
 Ontario English Catholic Teachers' Association
 Ontario Federation of Agriculture
 Ontario Public School Trustees' Association
 Ontario Separate School Teachers' Federation
 Ontario Separate School Trustees' Association
 Ontario Teachers' Federation
 Peel Board of Education
 Peterborough County Board of Education
 Sauro, S.S. et al.
 Simcoe County Taxpayers' Association
 Toronto Board of Education
 Waterloo County Board of Education
 York Region R.C.S.S. Board
 Zvook Corporation

Date: May 7, 8, 1985

Site: Thunder Bay

Presenters: Administrative Council/Red Lake Board of Education
 Dodds, Evelyn
 Kenora Board of Education
 Kondor, Dr. George A.
 Lake Superior Board of Education
 Lakehead Board of Education
 Lakehead District R.C.S.S. Board
 Lakehead Women Teachers' Association
 McCutcheon, Gordon N.
 Northern District School Area Board
 Red Lake Board of Education
 Ubriaco, Rita

Date: May 16, 1985

Site: Sudbury

Presenters: Ontario Public School Teachers' Federation, Sudbury
 District
 Ontario Secondary School Teachers' Federation, Algoma
 District
 Northern Ontario School Trustees' Association
 Sault Ste. Marie District R.C.S.S. Board
 Sudbury Board of Education
 Sudbury District R.C.S.S. Board

Date: May 23, 1985

Site: Timmins

Presenters: Chapleau Board of Education
Chapleau Men Teachers' Federation
Chapleau Women Teachers' Association
Eide, Dwight K.
Kapuskasing District R.C.S.S. Board
Kirkland Lake District R.C.S.S. Board
Sault Ste. Marie District R.C.S.S. Board
Timiskaming Board of Education
Timmins Board of Education

Tables and Charts

Table 1 **Number of School Boards by Region, January 1, 1985**

	Northwestern	Midnorthern	Northeastern	Western	Central	Eastern	Total
Boards of Education	9	9	10	12	28	9	77
County and District Roman Catholic Separate	6	5	7	9	15	7	49
Secondary School Board		1				1	
District School Area Boards (Public Schools)	15	5	7				27
Roman Catholic Separate	3	5	1		1		10
Protestant Separate					1	1	2
Department of National Defence	1	1	2	1	3	3	11
Treatment Centres				3	4	1	8
Hydro			1				1
Total	34	25	29	25	52	21	186

Source: *Directory of School Boards*. Ontario Ministry of Education.

Table 2 School Board Expenditure per Student by Province, 1970-82 (in current dollars)

Year (Calen- dar)	Nfld.	PEI	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
1970	413	527	564	597	782	910	704	655	833	748
1971	504	592	619	600	827	971	781	682	896	810
1972	574	648	690	686	884	1,044	876	757	969	876
1973	688	740	779	759	1,100	1,106	1,006	865	1,058	1,001
1974	843	987	917	879	1,276	1,271	1,165	1,038	1,208	1,188
1975	1,085	1,268	1,091	1,065	1,515	1,494	1,406	1,225	1,475	1,481
1976	1,245	1,437	1,424	1,245	1,642	1,758	1,592	1,457	1,634	1,751
1977	1,453	1,550	1,499	1,482	2,371	2,014	1,801	1,714	1,822	1,962
1978	1,533	1,684	1,684	1,636	2,627	2,176	1,966	1,921	2,017	2,170
1979	1,755	1,843	1,870	1,839	3,031	2,385	2,213	2,165	2,287	2,403
1980	2,044	2,050	2,134	2,101	3,451	2,672	2,511	2,464	2,559	2,750
1981	2,246	2,294	2,498	2,282	4,046	3,054	2,879	2,860	3,117	3,310
1982 ¹	2,435	2,440	2,671	2,487	4,357	3,233	3,084	3,075	3,300	3,502

Source: *Financial Statistics of Education, 1981-82* Ottawa: Statistics Canada, 1984.

¹estimated

Table 3 School Board Expenditure Per Capita of Population, by Province, 1974-82 (in current dollars)

Year (Calen- dar)	Nfld.	PEI	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
1974	239	249	235	229	296	304	259	255	294	260
1975	300	305	272	267	337	349	304	295	353	319
1976	340	339	348	304	350	406	338	339	383	372
1977	392	360	362	353	480	455	375	389	409	407
1978	409	384	398	384	508	481	402	426	436	436
1979	459	420	431	422	560	512	442	465	474	465
1980	523	455	478	471	610	556	487	516	505	510
1981	565	503	547	499	681	620	546	583	592	593
1982 ¹	599	520	570	529	708	638	570	610	610	609

Source: *Financial Statistics of Education, 1981-82* Ottawa: Statistics Canada.

¹estimated

Table 4 Local Government Revenues, in Ontario, 1974-83 (in millions of dollars)

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Municipalities										
Local taxation	1,105	1,311	1,469	1,663	1,785	1,967	2,165	2,455	2,758	3,010
Ontario grants	981	1,285	1,346	1,525	1,626	1,747	1,921	2,184	2,522	2,774
Other revenues	814	910	1,101	1,223	1,474	1,572	1,758	2,055	2,241	2,419
Subtotal	2,900	3,506	3,916	4,411	4,885	5,286	5,844	6,695	7,521	8,203
School Boards										
Local taxation	877	1,040	1,296	1,526	1,663	1,831	2,048	2,315	2,662	2,966
Ontario grants	1,422	1,659	1,755	1,908	1,992	2,092	2,317	2,577	2,843	3,046
Other revenues	47	50	52	64	82	96	114	141	156	179
Subtotal	2,346	2,749	3,103	3,498	3,737	4,019	4,479	5,033	5,661	6,191
Total Local Sector										
Local taxation	1,982	2,351	2,765	3,189	3,448	3,798	4,213	4,770	5,420	5,976
Ontario grants	2,403	2,944	3,101	3,433	3,618	3,839	4,238	4,761	5,365	5,820
Other revenues	861	960	1,153	1,287	1,556	1,668	1,872	2,196	2,397	2,598
Total	5,246	6,255	7,019	7,909	8,622	9,305	10,323	11,727	13,182	14,394

Source: *Local Government Finance in Ontario, 1983* Toronto: Ontario Ministry of Municipal Affairs and Housing.

Note: Long-term borrowing is not included. Ontario grants include provincial payments in lieu of taxes. Figures for 1974, 1975, and 1976 have been adjusted to include expenditures which were consolidated in later years.

Table 5 **Average Residential Property Taxes per Household (ARPTH), Ontario, 1970-83**

	1970	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
	(Current Dollars)										
<i>ARPTH</i>											
Municipal taxes and charges	193	226	260	278	306	323	346	369	408	451	484
School taxes	170	179	204	248	283	303	325	347	382	432	475
Total property taxes	363	405	464	526	589	626	671	716	790	883	959
Estimated average household income ¹	11,300	16,100	18,000	19,600	21,200	22,800	24,600	28,000	32,200	35,800	37,800
Taxes as a % of estimated average household income											
Total property	3.2	2.5	2.6	2.7	2.8	2.7	2.7	2.6	2.5	2.5	2.5
School only	1.5	1.1	1.1	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.3

Source: Ontario Ministry of Municipal Affairs and Housing, Municipal Finance Branch.

¹Household in this table refers to dwelling units other than farm or seasonal ones. Previously, household referred to single dwelling units only. The figures also represent updated estimates.

Table 6 **Per Capita Personal Disposable Income (PDI), Ontario, 1950-84**

Year	Popu- lation (millions)	Personal Dispos- able Income		Con- sumer Price Index ¹ (1981 = 100)	Real PDI (1981 \$) (\$ billion)	Real PDI Per Person (\$000)	Per- cen- tage Change in RPDI/P
		Total (\$ billion)	Per Person (\$000)				
1950	4.471	5.208	1.165	25.2	20.667	4.622	0.0
1955	5.266	7.644	1.452	28.5	26.821	5.093	4.7
1960	6.111	10.529	1.723	31.4	33.532	5.487	-0.1
1965	6.788	14.301	2.107	34.0	42.062	6.196	4.1
1970	7.551	22.189	2.939	41.0	54.120	7.167	1.5
1971	7.703	24.567	3.189	42.2	58.216	7.558	5.4
1972	7.824	27.893	3.565	44.2	63.106	8.066	6.7
1973	7.939	32.104	4.044	47.6	67.445	8.495	5.3
1974	8.093	37.853	4.677	52.8	71.691	8.858	4.3
1975	8.256	43.770	5.302	58.5	74.821	9.063	2.3
1976	8.264	49.241	5.958	62.9	78.285	9.473	4.5
1977	8.355	54.621	6.538	67.9	80.443	9.628	1.6
1978	8.444	61.304	7.260	73.9	82.955	9.824	2.0
1979	8.503	68.623	8.070	80.7	85.035	10.001	1.8
1980	8.574	77.315	9.017	88.9	86.969	10.143	1.4
1981	8.625	89.437	10.370	100	89.437	10.370	2.2
1982	8.716	98.301	11.278	110.8	88.719	10.179	-1.8
1983 ²	8.822	105.314	11.966	117.2	90.071	10.210	0.3
1984 ³	8.945	114.665	12.819	122.3	93.757	10.482	2.7

Source: Ontario Ministry of Treasury and Economics

¹The Consumer Price Index (CPI), all items, on the 1981 = 100 base was supplied by Statistics Canada, Ottawa, January 1985.

²Subject to revision

³Preliminary

**Table 7 Elementary and Secondary School Enrolment, 1982-1984
and projections, Ontario, 1985-1994**

Year	Elementary school enrolment ¹	Secondary school enrolment	Total enrolment
1982	1,217,412	562,013	1,779,425
1983	1,209,567	554,930	1,764,497
1984	1,204,807	545,919	1,750,726
Projections			
1985	1,197,875	540,472	1,738,347
1986	1,194,355	532,703	1,727,058
1987	1,196,121	524,621	1,720,742
1988	1,203,268	517,168	1,720,436
1989	1,208,748	512,384	1,721,132
1990	1,217,713	504,354	1,722,607
1991	1,226,112	500,821	1,726,933
1992	1,235,322	498,104	1,733,426
1993	1,240,975	496,820	1,737,795
1994	1,243,800	498,611	1,742,411

Source: Ontario Ministry of Education

¹Includes Grades 9 and 10 of Roman Catholic separate schools

**Table 8 Full-Time Teachers in Elementary and Secondary Schools
1982-84, and Projections, for Ontario, for 1985-94**

Academic Year	Elementary schools ¹	Secondary schools ²	Total
Beginning September			
1982	53,033	32,741	85,774
1983	53,019	32,744	85,763
1984	53,192	32,587	85,779
Projections			
1985	52,770	32,171	84,941
1986	52,615	31,709	84,324
1987	52,693	31,228	83,921
1988	53,007	30,784	83,791
1989	53,249	30,499	83,748
1990	53,644	30,021	83,665
1991	54,014	29,811	83,825
1992	54,419	29,649	84,068
1993	54,669	29,573	84,242
1994	54,793	29,679	84,472

¹Projection of elementary school teaching staff, 1985-1994, is based on the observed pupil-teacher ratio of 22.7:1 for 1984 (head count of students divided by the number of full-time teachers)

²Projection of secondary school teaching staff, 1985-1994, is based on the observed pupil-teacher ratio of 16.8:1 for 1984 (head count of students divided by the number of full-time teachers)

Source: Ontario Ministry of Education

Table 9 Full-Time Teachers,¹ Enrolment, and "Selected Indicators" (public schools), for Ontario, for 1955-84

Year	Schools	Enrolment	Percentage increase or decrease (%)	Full-time teachers	Pupil/teacher ratio ²	FTE of all teachers	Pupil/teacher ratio ²
1955	5,949	676,246	-	22,018	30.7	-	-
1960	5,696	843,737	3.2	28,070	30.1	-	-
1965	4,285	949,374	2.6	32,783	29.0	-	-
1970	2,932	1,047,055	0.4	42,451	24.7	43,873	23.9
1971	2,862	1,034,703	-1.2	41,588	24.9	43,804	23.6
1972	2,790	1,022,935	-1.1	41,163	24.9	43,416	23.6
1973	2,718	998,668	-2.4	39,803	25.1	42,042	23.8
1974	2,685	977,545	-2.1	39,748	24.6	42,120	23.2
1975	2,680	961,625	-1.6	40,711	23.6	43,519	22.1
1976	2,657	937,292	-2.5	40,464	23.2	43,318	21.6
1977	2,649	907,777	-3.1	39,395	23.0	42,556	21.3
1978	2,692	870,154	-4.1	37,277	23.3	41,137	21.0
1979	2,612	837,941	-3.7	36,063	23.2	39,949	21.0
1980	2,579	816,836	-2.5	35,357	23.1	39,435	20.7
1981	2,541	799,174	-2.2	35,248	22.7	36,365	20.3
1982	2,525	787,466	-1.5	35,184	22.4	39,481	19.9
1983	2,508	776,058	-1.4	34,938	22.2	39,299	19.7
1984	2,469	767,254	-1.1	34,873	22.0	39,210	19.6

Source: Education Statistics Ontario Toronto: Ontario Ministry of Education

¹Teachers include all principals, vice-principals, heads of departments, and other non-teaching educational staff employed in the school.

²In calculating the pupil/teacher ratio, the number of students (head count) is divided by the number, or the FTE, of teachers.

Table 10 Full-Time Teachers,¹ Enrolment, and "Selected Indicators" (Roman Catholic separate schools), for Ontario, for 1955-84

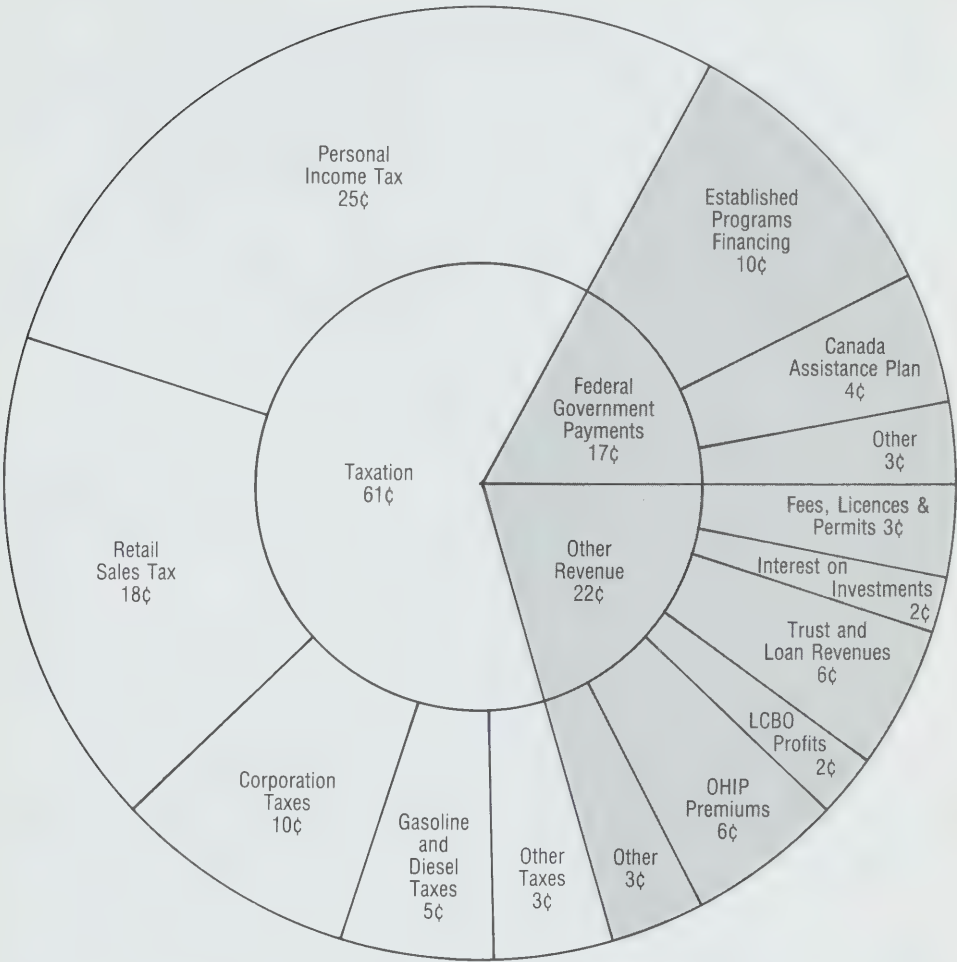
Year	Schools	Enrolment	Percentage increase or decrease (%)	Full-time teachers	Pupil/teacher ratio ²	FTE of all teachers	Pupil/teacher ratio ²
1955	1,091	187,368	—	5,515	34.0	—	—
1960	1,356	282,651	7.2	8,463	33.4	—	—
1965	1,422	370,669	4.9	12,184	30.4	—	—
1970	1,316	418,433	1.2	16,856	24.8	17,710	23.6
1971	1,345	422,137	0.9	16,741	25.2	18,362	23.0
1972	1,336	422,166	0.0	16,828	25.1	18,561	22.7
1973	1,320	424,217	0.5	16,827	25.2	18,732	22.6
1974	1,320	427,294	0.7	16,930	25.2	18,982	22.5
1975	1,337	427,853	0.0	17,456	24.5	19,704	21.7
1976	1,338	422,793	-1.2	17,343	24.4	19,638	21.5
1977	1,329	421,619	-0.3	17,377	24.3	19,762	21.3
1978	1,340	420,183	-0.3	17,498	24.0	19,981	21.0
1979	1,333	420,820	0.2	17,486	24.1	20,127	20.9
1980	1,346	423,438	0.6	17,296	24.5	20,111	21.1
1981	1,354	425,706	0.5	17,560	24.2	20,450	20.8
1982	1,349	429,946	1.0	17,849	24.1	20,826	20.6
1983	1,348	433,509	0.8	18,081	24.0	21,160	20.5
1984	1,346	437,553	0.9	18,319	23.9	21,569	20.3

Source: *Education Statistics Ontario*, Toronto: Ontario Ministry of Education

¹Teachers include all principals, vice-principals, heads of departments, and other non-teaching educational staff employed in the school.

²In calculating the pupil/teacher ratio, the number of students (head count) is divided by the number, or the FTE, of teachers.

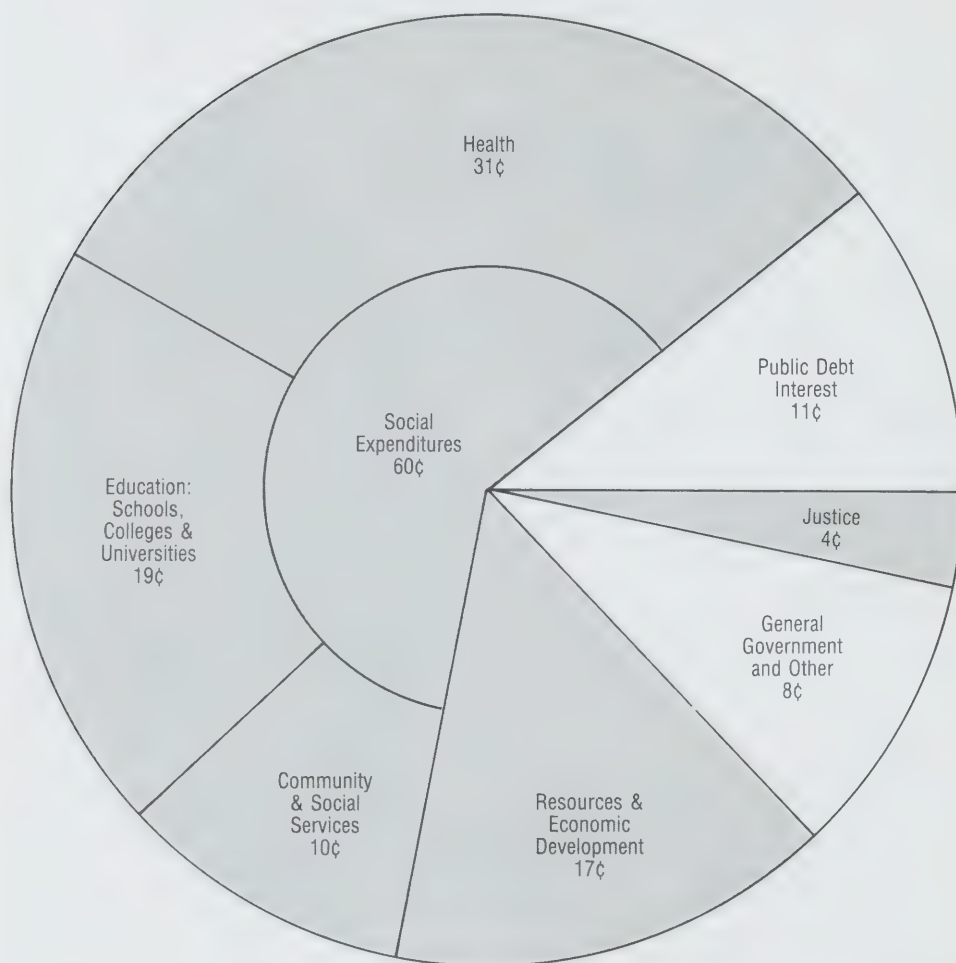
Figure 1 **The Budget Dollar:* Revenue, Ontario, 1985–86**



*Excluding Extraordinary Adjustments

Source: *Ontario Budget, 1985*

Figure 2 The Budget Dollar:* Expenditure, Ontario, 1985–86



*Excluding Extraordinary Adjustments

Source: Ontario Budget, 1985

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